

Final Report



City of Santa Barbara
Wastewater Rate Study
July 2024





July 3, 2024

Mr. Joshua Haggmark
Water Resources Manager
City of Santa Barbara – Public Works
630 Garden Street
Santa Barbara, CA 93101

Subject: Wastewater Rate Study Final Report

Dear Mr. Haggmark:

HDR Engineering, Inc. (HDR) is pleased to present to the City of Santa Barbara (City) the final report for the wastewater rate study (Study). The City's Study was developed to provide proposed wastewater rates that generate sufficient revenue to fund the operation and maintenance costs and capital infrastructure needs of the wastewater utility. More specifically, the Study was designed to develop cost-based and proportional wastewater rates for the City's customers. This report outlines the overall approach used to achieve these objectives, along with our findings, conclusions, and recommendations.

The costs associated with providing wastewater services to the City's customers has been developed based on City specific information and customer characteristics and were the key inputs included within the development of the proposed rates. This Study was developed utilizing generally accepted rate setting principles and methodologies as outlined in the Water Environment Federation's Manual of Practice No. 27, Financing and Charges for Wastewater Systems to develop proposed rates that reflect the requirements of Proposition 218. This report provides the basis for developing and implementing wastewater rates which are cost-based proportional, and defensible for the City's customers.

We appreciate the assistance provided by the City's project team in the development of the Study and written report. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the City of Santa Barbara.

Sincerely yours,
HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read 'Shawn Koorn', written over a light blue horizontal line.

Shawn Koorn
Associate Vice President

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Wastewater Technical Appendix

Wastewater Proposition 218 Notice



Executive Summary

Introduction

HDR Engineering, Inc. was retained by the City of Santa Barbara to conduct a wastewater rate study. The main objectives of the Study were:

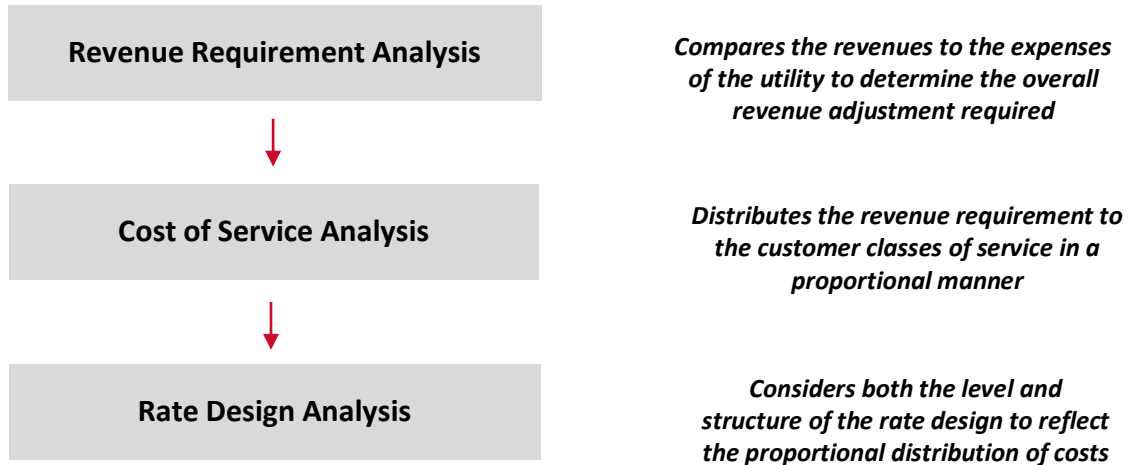
- Develop a projection of wastewater revenues to support the City’s wastewater operating and capital costs
- Develop a proportional distribution of the costs to provide wastewater service to those customers receiving wastewater service from the City
- Propose cost-based and proportional rates for a multi-year time period that are compliant with the requirements of Proposition 218

The City owns, operates, and maintains the wastewater system, which provides service to over 25,000 customer accounts within the City of Santa Barbara, and an unincorporated portion of the County. The City’s wastewater system plays a leading role in the protection of public health and the environment. This complex system includes 256 miles of wastewater (collection) mains, 7 lift stations, 25 creek crossings, over 7,000 access structures (manholes and cleanouts), 2 miles of pressurized force mains, and the El Estero Water Resource Center (El Estero). Maintaining this system requires a proactive commitment to investing in the capital infrastructure and resources necessary to keep this vital system operating 24 hours a day, 365 days per year. The costs as shown in this Study were based on data and information gathered from several key planning documents including but not limited to the adopted wastewater operating budget, input during public meetings, customer usage characteristics, and the wastewater capital improvement plan.

Overview of the Rate Study Process

A rate study uses three interrelated analyses to address the adequacy and proportionality of the utility’s rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES – 1.

Figure ES – 1 Overview of the Wastewater Rate Study



The above analytical framework was utilized in the development of the City’s wastewater rate study. Each of the above analyses was completed for the City’s Study. The revenue requirement determined the cost-based level of rate revenue to be collected from the City’s wastewater customers. Next, the cost of service analysis proportionally distributed the FY 2025 revenue requirement to the customer classes of service. Finally, based on the prior two analyses, the proposed wastewater rates were developed to collect the overall revenue requirement in a proportional manner from each of the customer classes of service. In this way, the total revenue requirement is collected through the proposed rates to support the wastewater enterprise fund. Further discussion of each of these analyses is detailed in this report.

Key Wastewater Rate Study Results

The Study’s technical analysis and resulting proposed rates were developed based on the operation and maintenance (O&M) and capital costs necessary to provide wastewater services to the City’s customers as outlined in the City’s wastewater budget and planning documents. HDR’s analysis of the City’s wastewater O&M and capital costs resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analysis was developed for the projected time period of FY 2024 through FY 2033 for the wastewater utility
- The City’s adopted FY 2024 wastewater budget was used as the starting point of the analysis
- Operation and maintenance (O&M) expenses are projected to increase at inflationary levels
 - ✓ Staffing adjustments are assumed in FY 2026

- ✓ Significant cost inflation for benefits and insurance
- ✓ Increases in inflationary costs to capital improvement projects
- A cost of service analysis was developed – for test year FY 2025 – to review the cost-basis of the existing wastewater rates and to distribute the revenue requirement proportionally among the customer classes of service
- The results of the cost of service analysis for FY 2025 provided the average unit costs (i.e., cost basis) which formed the cost-basis to establish the proposed wastewater rates
- The Study has developed proposed wastewater rates, by customer class of service, for a four-year period of FY 2025 – FY 2028
- The proposed wastewater rate revenue adjustments (not specific individual customer bill impacts) are 9.5%, annually, in FY 2025 through FY 2028; the proposed FY 2025 wastewater rates are effective July 2 2024, and then July 1 of each subsequent year for FY 2026 – FY 2028 rates if adopted by the City Council

Summary of the Revenue Requirement Analysis

The City’s wastewater utility revenue requirement analysis is the first analytical step in the rate study process. The revenue requirement analysis determines the adequacy of the City’s current wastewater rates to fund current and future costs related to both O&M and capital expenses. From this analysis, a determination can be made as to the appropriate overall level of wastewater revenue adjustments needed to provide adequate and prudent funding for the wastewater utility.

For the Study, the revenue requirement analysis was developed from the adopted FY 2024 budget and then projected for FY 2025 – FY 2033. As a practical matter, a multi-year time frame is recommended to identify major expenses that may be on the horizon. By anticipating future financial requirements, the City may begin planning for these changes sooner, thereby minimizing short-term rate shock and smoothing long-term rate outlook. However, for rate setting purposes, the focus of the City’s Study was on the next four-years of FY 2025 – FY 2028.

For the City’s wastewater revenue requirement analysis, a “cash basis” methodology or approach was utilized. The cash basis approach is the most common methodology used by municipal utilities to set their revenue requirement, and the approach used by the City in the prior wastewater rate studies. Under this approach the revenues of the utility must be sufficient to recover all cash needs including O&M expenses, annual debt service payments, rate funded capital (e.g., pay-as-you-go), and reserve funding. The primary financial inputs in the development of the revenue requirement were the City’s FY 2024 adopted wastewater budget, historical billed customer and consumption data, and the City’s wastewater capital improvement plan. The FY 2024 budgeted O&M expenses were projected using estimated escalation, or inflationary, factors for the City’s expenses to provide wastewater collection, conveyance, treatment, and disposal services over the projected review period. These inflationary factors were based on historical City specific increases in costs and planned changes based on City of Santa Barbara planning and financial projections.

The proper and adequate funding of capital projects is important to help minimize rate increases over time. General financial guidelines state that - at a minimum - a utility should annually fund through rates an amount equal to, or greater than, annual depreciation expense. The annual depreciation expense reflects the current investment in plant facilities in service being depreciated or “losing” their useful life. This portion of plant investment needs to be replaced to maintain the existing level of infrastructure (and service levels). However, it must be kept in mind that simply funding an amount equal to annual depreciation expense will not be sufficient to fund the replacement of an existing or depreciated facility. Therefore, consideration should be given to funding an amount from annual rate revenues at a level greater than the annual depreciation expense for renewals and replacements.

For the Study, the City continued its funding approach as implemented in the prior wastewater rate studies to increase the overall level of “pay-as-you-go” funding for the wastewater capital improvement plan. There are a number of significant capital improvement projects at the treatment plant as well as throughout the collection system over the ten-year review period totaling approximately \$75 million. Over the rate setting period, the City anticipates funding the capital needs with \$4.3 million in reserves and \$18.6 million in rate funded capital (pay – as – you - go) from FY 2024 – FY 2028.

As a point of reference, the City’s annual depreciation expense is approximately \$5.3 million (FY 2022). The capital funding analysis has placed the City’s rate funding for capital improvements at \$900,000 in FY 2024 and the level of rate funding increases over time to fund renewal and replacement needs and reflect prudent funding levels and reaches \$6.8 million by FY 2028. In developing this plan, HDR and the City have attempted to minimize rate impacts while funding the necessary capital improvement for the wastewater utility.

Provided below in Table ES - 1 is a summary of the amount of rate funded capital over the four-year rate setting period. A more detailed discussion of the capital funding plan is included in Section 2.5 of this report.

Table ES – 1 Summary of the Capital Improvement Plan (000’s)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Capital Projects	\$3,179	\$3,776	\$5,077	\$4,075	\$6,750
Total Non-Rate Funding Sources	\$2,279	\$386	\$1,627	\$0	\$0
Total Rate Funded Capital	\$900	\$3,390	\$3,450	\$4,075	\$6,750

Given a projection of revenues, operating, and capital expenses a summary of the revenue requirement analysis was developed. Provided below in Table ES – 2 is a summary of the revenue requirement analysis for the City’s wastewater utility.

Table ES - 2
Summary of the Revenue Requirements (000's)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
Rate Revenues	\$27,410	\$27,447	\$27,484	\$27,521	\$27,558
Miscellaneous Revenues	<u>952</u>	<u>1,056</u>	<u>953</u>	<u>887</u>	<u>778</u>
Total Revenues	\$28,362	\$28,503	\$28,436	\$28,407	\$28,335
Expenses					
Total O&M	\$22,261	\$23,905	\$26,345	\$28,289	\$30,417
Rate Funded Capital	900	3,390	3,450	4,075	6,750
Debt Service	3,552	3,551	4,116	4,114	6,053
Reserve Funding	<u>1,649</u>	<u>265</u>	<u>(4)</u>	<u>541</u>	<u>(2,823)</u>
Total Revenue Requirement	\$28,362	\$31,111	\$33,906	\$37,019	\$40,396
Bal./ (Def.) of Funds	\$0	(\$2,607)	(\$5,470)	(\$8,612)	(\$12,061)
Bal. as a % of Rate Rev.	0.0%	9.5%	19.9%	31.3%	43.8%
Proposed Revenue Adjustment	0.0%	9.5%	9.5%	9.5%	9.5%
Add'l Rev. from Rev Adj	\$0	\$2,607	\$5,470	\$8,612	\$12,061
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0

Table ES - 2 above shows a summary of the revenue requirement which includes O&M expense, rate funded capital, debt service, and reserve funding. The total revenue requirement is then compared to the total revenue which includes the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison, a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the current level of rate revenues to determine the level of adjustment needed to meet the revenue requirement. It is important to note the “Bal. / (Def.) of Funds” row is cumulative. That is to say that any rate revenue adjustments in the initial years will reduce the deficiency in the later years. Over the rate setting period of the Study, the total deficiency of rate revenue is 43.8%.

Based on the revenue requirement analysis developed herein, HDR has concluded that the City will need to increase the level of wastewater revenues received over the next four fiscal years (FY 2025 – FY 2028). HDR has reached this conclusion for the following reasons:

- Adjustments are necessary to fund the City’s capital needs, which have been impacted by inflationary factors
- Adjustments are necessary to maintain prudent funding of annual renewal and replacement capital infrastructure projects of the wastewater utility
- The proposed adjustments maintain the City’s strong financial health (e.g., debt service coverage ratios, adequate reserves, etc.) and provide long-term, sustainable funding levels for the City

In reaching this conclusion, HDR would recommend that the City adopt the proposed wastewater rate revenue increase for FY 2025 through FY 2028 to provide sufficient funding for the City’s

anticipated O&M and capital improvement needs over the rate setting period. A detailed discussion of the development of the revenue requirement is provided in Section 2 of this report.

Summary of the Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the revenue requirement to the customer classes of service. The objective of the cost of service analysis is different from determining the revenue requirement. Whereas the revenue requirement analysis determines the utility’s overall revenue needs, the cost of service analysis determines the allocation and proportional distribution of the City’s O&M and capital costs (e.g., revenue requirement) for the proposed time period. In this case, the revenue requirement for FY 2025 was used for establishing the cost of service analysis and proposed rates.

As explained in more detail in Section 4 of this report, the cost of service analysis began by functionalizing the revenue requirement, or grouping the revenue requirement into cost categories related to providing service such as collection, pumping, and treatment . The functionalized revenue requirement was then allocated to the appropriate cost component(s). The individual allocation totals were then proportionally distributed to the City’s customer classes of service based upon each customer class’s use of or demand placed on the wastewater system. The distributed expenses for each customer class were then aggregated to determine each customer class’s overall revenue responsibility. Table ES – 3 provides the summary of the cost of service analysis completed for the City’s wastewater utility.

Table ES - 3
Summary of the Cost of Service Analysis (\$000)

Class of Service	Current Rate Revenues	Distribution Costs	\$ Difference	% Difference
Residential	\$21,505	\$23,381	(\$1,876)	8.7%
Commercial	4,200	4,769	(569)	13.5%
Commercial High	1,674	1,830	(156)	9.3%
High Strength Surcharge	<u>68</u>	<u>75</u>	<u>(7)</u>	10.1%
Total	\$27,447	\$30,054	(\$2,607)	9.5%

The results of the cost of service analysis indicate minor cost differences between the customer classes of service. These customer classes of service reflect the types of wastewater customers served by the City. Given the requirements of California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218), the results of the wastewater cost of service analysis are used to establish the proposed rates. Specifically, the average unit costs, which are the result of the distributed costs for each customer class on a per month or HCF basis, are the basis for the proposed rates. As noted in the cost of service section (Section 4) of this report, the implementation of cost of service adjustments will impact the overall customer bill and revenue

generation for the wastewater utility. A detailed discussion of the development of the cost of service analysis is provided in Section 3 of this report.

Summary of the Rate Design Analysis

The final step of the rate study process is the design of the wastewater rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses. The revenue requirement analysis provided a set of recommendations related to the level of annual revenue adjustments whereas the cost of service results are related to implementing interclass adjustments to reflect the proportional distribution of costs.

It is important to understand that each customer class has a separate rate given the different service characteristics for each class as outlined in the cost of service analysis. The City currently has a rate structure for each of the customer classes of service. The Residential customer class includes single-family and multi-family customers. The Residential customers are charged a fixed charge and a volumetric charge based on metered water consumption. Volumetric charges are assessed on single family for only a portion of their water use. The purpose of limiting the applicable billing units is to recognize that water use above a certain level is likely being used for outdoor watering, which does not flow into the wastewater collection system or receive treatment at El Estero. In this report, the word “cap” refers to the quantity of water, in hundred cubic feet (HCF), after which residential customers are not charged wastewater fees for volumetric use.

For single family customers, the rate includes a monthly base fee that is the same for all single-family customers, plus a volume charge for the first 8 HCF of metered water consumption. The 8 HCF reflected the typical water consumption for indoor use, which is used as a surrogate for wastewater volumes discharged to the wastewater collection and treatment system. Multi-family has a volume charge for all metered water consumption. Commercial customers are categorized based on two strength levels: Commercial and Commercial High (includes Industrial uses). The applicable commercial rate is the greater of a base fee (i.e., minimum bill), by class, based on the size of water meter to reflect a portion of the fixed costs of providing service regardless of water or wastewater consumption, or a volume charge, by class, for all water consumption.

Given the result of the revenue requirement and cost of service analyses, proposed wastewater rates can be developed that reflect the distribution of the costs of providing service. The Study is not recommending any rate structure changes from the current rate structure for any of the customer classes of service. Provided in Table ES – 4 is a summary of the current and proposed Residential customer class rates.

Table ES – 4
Summary of the Present and Proposed Residential Wastewater Rates

	Present Rates	FY 2025	FY 2026	FY 2027	FY 2028
	<i>\$ / Acct or DU</i>				
Base Charge (All Customers)	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
Volume Charge					
Single Family	<i>\$ / HCF</i>				
0 – 8 HCF	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95
Over 8 HCF	0.00	0.00	0.00	0.00	0.00
Multi-Family					
All Usage (HCF)	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95

As shown above, the billing cap for Single Family customers is 8 HCF and for Multi-Family there is no billing cap with all consumption being billed. The cost-basis for the proposed residential wastewater rates are based on the average unit costs as calculated within the cost of service analysis for the Residential customer class.

Provided below in Table ES – 5 is a summary of the current and proposed rates for the commercial customer classes. While the rate structure (a minimum bill or volumetric bill) was maintained, the Study updated the minimum bill calculation based on the results of the cost of service analysis and the average unit costs as calculated for the commercial class of service.

Table ES – 5
Summary of the Present and Proposed Commercial Wastewater Rates

	Present Rates	FY 2025	FY 2026	FY 2027	FY 2028
Commercial					
Minimum Bill	\$ / Meter				
5/8-inch	\$51.69	\$53.28	\$58.34	\$63.88	\$69.95
3/4-inc	77.54	79.92	87.51	95.82	104.92
1-inch	90.46	93.24	102.10	111.79	122.41
1-1/2-inch	129.23	133.20	145.85	159.70	174.87
2-inch	206.76	213.12	233.36	255.52	279.79
3-inch	387.68	399.60	437.55	479.10	524.61
4-inch	646.13	666.00	729.25	798.50	874.36
6-inch	1,292.25	1,332.00	1,458.50	1,597.00	1,748.72
8-inch	2,067.60	2,131.20	2,333.60	2,555.20	2,797.94
10-inch	2,972.18	3,063.60	3,354.55	3,673.10	4,022.04
Volume Charge	\$ / HCF				
All Consumption	\$5.27	\$6.56	\$7.18	\$7.86	\$8.61
Commercial High					
Minimum Bill	\$ / Meter				
5/8-inch	\$59.70	\$66.31	\$72.61	\$79.51	\$87.06
3/4-inc	89.55	99.47	108.92	119.27	130.59
1-inch	104.48	116.04	127.07	139.14	152.36
1-1/2-inch	149.25	165.78	181.53	198.78	217.65
2-inch	238.80	265.24	290.44	318.04	348.24
3-inch	447.75	497.33	544.58	596.33	652.95
4-inch	746.25	828.88	907.63	993.88	1,088.25
6-inch	1,492.50	1,657.75	1,815.25	1,987.75	2,176.50
8-inch	2,388.00	2,652.40	2,904.40	3,180.40	3,482.40
10-inch	3,432.75	3,812.83	4,175.08	4,571.83	5,005.95
Volume Charge	\$ / HCF				
All Consumption	\$6.65	\$7.23	\$7.92	\$8.67	\$9.49
High Strength					
	\$ / Lb.				
BOD – >750 mg/l	\$0.34	\$0.30	\$0.33	\$0.36	\$0.39
TSS - >850 mg/l	0.48	0.58	0.64	0.70	0.77
Ammonia - > 90 mg/l	1.17	1.37	1.50	1.64	1.80

Similar to the residential proposed rates, the commercial rates reflect the proportional distribution of the revenue requirement through the cost of service analysis. The development of the City’s proposed wastewater rate designs, and the cost-basis for them, are discussed in more detail in Section 4 of this report.

Rate Adoption

Proposition 218 outlines the process to legally adopt and implement the proposed wastewater rates. The first requirement is that the rates must be cost-based and proportional, which is the purpose of completing the wastewater rate study. Once the proposed wastewater rates have been developed, a public process must be undertaken to adopt the proposed rates. This began with the presentation of the proposed rates to the Finance Committee and City Council in April 2024. At the completion of this meeting, the City mailed the Proposition 218 notices – shown in the Proposition 218 Appendix – to the City’s customers which outlines the proposed changes in rates and the time, date, and location of the public hearing. The City Council held a public hearing on June 25, 2024, to discuss the publicly noticed and proposed wastewater rates. At the completion of the public hearing, the City Council accepted the wastewater rate study and projection of rates for the four-year period – FY 2025 through FY 2028 - as outlined in this report. On July 2, 2024, the City Council adopted the proposed rates for the wastewater utility for the four year period of FY 2025 through FY 2028.

Summary

This wastewater rate study is the culmination of technical analyses undertaken for the City’s wastewater utility. The recommendations contained within the Study, and this report, are intended to adequately fund and maintain the City’s wastewater utility with cost-based and proportional rates.

1 Overview of Rate Setting Principles

The City of Santa Barbara (City) retained HDR Engineering, Inc. (HDR) to conduct a wastewater rate study. The objective of the Study was to perform a review of the City’s operating and capital costs in order to develop proposed rates to meet the cost-basis and proportionality requirements of Proposition 218. HDR’s Study for the City reviewed the adequacy of the City’s existing wastewater rates and provided the analytical framework and cost-basis for the final proposed wastewater rates by customer class of service.

The City owns and operates the wastewater collection and treatment system in Santa Barbara, California. The wastewater system includes the facilities necessary to collect, convey, treat, and dispose of the wastewater flows generated by its customers. The costs associated with providing wastewater services to customers have been developed based on financial and operating data and information provided by the City. This data and information were key inputs in the development of the City’s wastewater rate Study.

1.1 Goals and Objectives

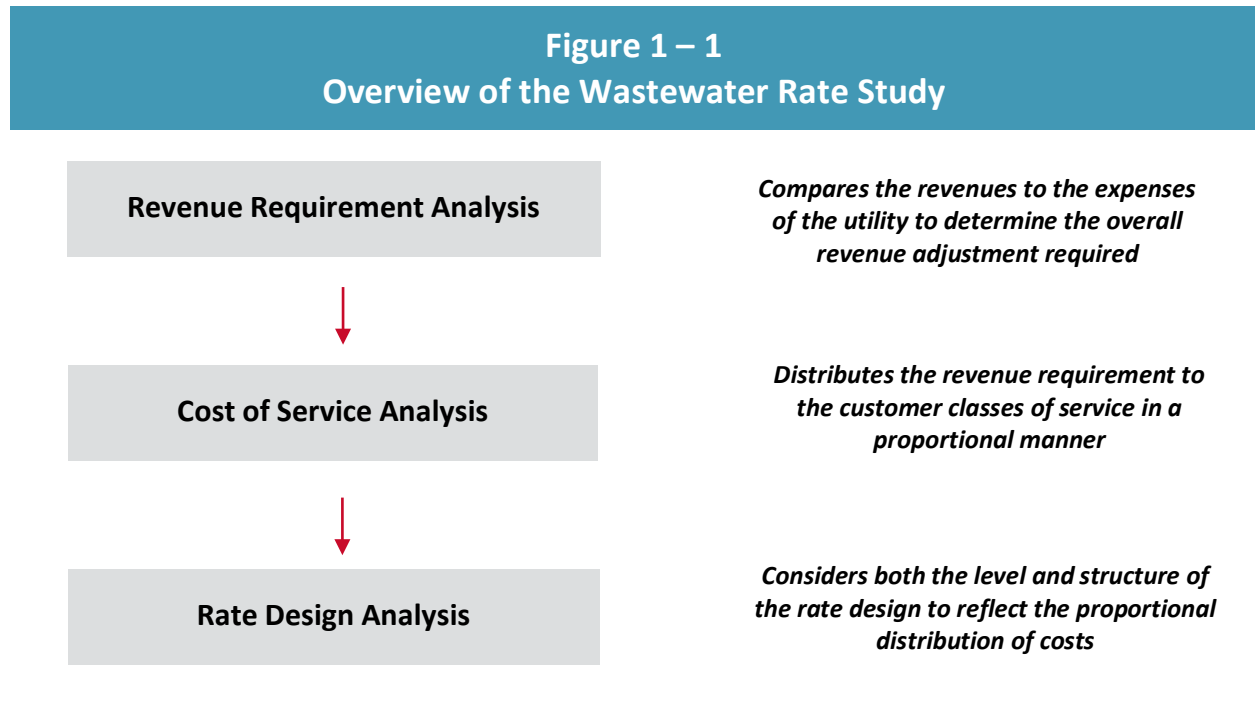
The City had a number of key goals and objectives in developing the wastewater cost of service study. These key objectives provided a framework for policy decisions in the analyses that followed. The City’s key goals and objectives for the Study were:

- Develop the Study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems (WEF MOP #27) and the requirements of California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218)
- In financial planning - and when establishing the City’s rates - review and utilize industry best practices, while recognizing and acknowledging the specific and unique characteristics of the City’s wastewater system and its customers
- Meet the City’s financial planning criteria and goals such as debt service coverage ratios, adequate funding of capital infrastructure replacement, and maintenance of City Council Policy reserve levels
- Develop a rate transition plan that adequately supports the wastewater utility’s infrastructure funding requirements, while attempting to minimize overall impacts to customers

1.2 Overview of the Rate Study Process

User rates must be set at a level where a utility’s operation and maintenance (O&M) and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. To evaluate the adequacy and proportionality of the existing wastewater rates, a rate study is often

performed. A wastewater rate study consists of three interrelated analyses. Figure 1 - 1 provides an overview of these analyses.



The above framework for reviewing and evaluating wastewater rates was utilized for the development of the City’s Study. The revenue requirement determines the cost-based level of rate revenue to be collected from the City’s customers. Next, the cost of service analysis proportionally distributed the FY 2025 revenue requirement to the customer classes of service. Finally, based on the prior two analyses, the proposed rates were developed to collect the overall revenue requirement in a proportional manner. As an enterprise fund, the wastewater utility was reviewed on a stand-alone basis. That is, no funding from other City department funds were assumed to determine the adequate and prudent level of funding needed from the wastewater utility’s rate revenues to support its operating and capital requirements.

This section of the report provides background information about the wastewater rate setting process, including descriptions of generally accepted principles, types of utilities, methods of determining a revenue requirement, cost of service, and rate design. This background information is useful for gaining a better understanding of the details and analysis presented in Sections 2 through 4 of this report.

1.3 Generally Accepted Rate Setting Principles

As a practical matter, all utilities should consider setting their rates around some generally accepted or global principles and guidelines. Utility rates should be:

- Cost-based, proportional, and set at a level that meets the utility’s full revenue requirement
- Easy to understand and administer
- Designed to conform to generally accepted rate setting techniques
- Stable in their ability to provide adequate revenues for meeting the utility’s financial, O&M, and regulatory requirements
- Established at a level that is stable from year-to-year from a customer’s perspective

1.4 Determining the Revenue Requirement

Most public utilities use the “cash basis” approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility totals its cash expenditures for a period of time to determine its required revenues. The revenue requirement for a public utility is usually comprised of the following costs or expenses:

- **Total Operating Expenses:** This includes a utility’s operation and maintenance (O&M) expenses, plus applicable taxes or transfer (reserve) payments. O&M expenses include the materials, electricity, labor, supplies, etc., needed to keep the utility functioning.
- **Total Capital Expenses:** Capital expenses are calculated by adding debt service payments (principal and interest) to capital projects funded from rate revenues. In lieu of including capital projects funded from rate revenues, a utility sometimes includes a depreciation expense to stabilize the annual revenue requirement.

Under the “cash basis” approach, the sum of the total O&M expenses plus the total capital expenses equals the utility’s revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and rate funded capital projects) are necessary under the cash basis approach because utilities generally cannot finance all capital improvements with long-term debt. At the same time, it is often difficult to pay for capital expenditures on a “pay-as-you-go” basis given that some major capital projects may have significant rate impacts on a utility, even when financed with long-term debt. Many utilities have found that a combination of pay-as-you-go funding and long-term financing will often lead to minimization of rate increases over time.

Public utilities typically use the cash basis¹ approach to establish their revenue requirements. An exception occurs if a public utility provides service to a major wholesale or contract customer. In this situation, a public utility could use the “utility basis” approach (see Table 1 - 1) regarding earning a fair return on its investment. The City’s Study is based on the cash basis approach.

Table 1 – 1	
Cash versus Utility Basis Comparison	
Cash Basis	Utility Basis (Accrual)
+ O&M Expenses	+ O&M Expenses
+ Taxes / Transfer Payments	+ Taxes/Transfer Payments
+ Rate Funded Capital (≥ Depr. Expense)	+ Depreciation Expense
+ Debt Service (Principal + Interest)	+ Return on Investment
= Total Revenue Requirement	= Total Revenue Requirement

1.5 Analyzing Cost of Service

After the total revenue requirement is determined, it is allocated and proportionally distributed to the customers benefiting from the service. The allocation and distribution, as analyzed through a cost of service analysis, reflects the cost relationships for providing wastewater services. A cost of service analysis requires three analytical steps:

1. Costs are *functionalized* or grouped into the cost categories related to providing service. For a wastewater utility, this typically includes collection, pumping, and treatment. This step is largely accomplished by the utility’s accounting system.
2. The functionalized costs are then *allocated* to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, wastewater costs are typically allocated as volume-², strength-(BOD, TSS)³, and customer-related.⁴
3. Once the costs are allocated to the components, they are proportionally *distributed* to each customer class of service. The distribution is based on each customer class’s relative (proportional) contribution to the cost component (i.e., benefits received from and burdens placed on the system and its resources). For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once the allocated costs are proportionally distributed to each customer class

¹ “Cash basis” as used in the context of rate setting is not the same as the terminology used for accounting purposes and the recognition of revenues and expenses. As used for rate setting, “cash basis” simply refers to the specific cost components to be included within the revenue requirement analysis.

² “Volume” refers to the amount of wastewater discharged.

³ “Strength” refers to the level of constituents (biological oxygen demand, or BOD, and total dissolved solids, or TSS) in wastewater discharged.

⁴ “Customer-related” refers to such costs as billing and unpaid bill collections.

of service, they can be summed to determine the total distributed cost (i.e., cost of service) for the class of service. Average unit costs are then developed which provides the unit costs needed to develop cost-based fixed and volume rates.

1.6 Designing Utility Rates

Rates that meet the utility's objectives are designed based on both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based. In designing the final proposed rates, continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. However, the proposed rates must take into consideration each customer class's proportional share of the costs distributed through the cost of service analysis to meet Proposition 218 requirements.

1.7 Economic Theory and Rate Setting

One of the major justifications for a rate study is founded in economic theory. Economic theory suggests that the price of a commodity must roughly equal its cost if parity among customers is to be maintained. This statement's implications on utility rate designs are significant. For example, a wastewater utility incurs additional costs to treat high-strength wastewater. It follows that the customers who create and discharge high-strength wastewater into the system create additional operating costs and should pay for the costs associated with treating higher strength waste and any other maintenance costs associated with their discharges. When costing and pricing techniques are refined, consumers have a more accurate understanding of what the service costs are to collect and treat wastewater. This price-equals-cost concept provides the basis for the subsequent analysis. This is further reflected in the requirements of Proposition 218 which references the need for cost-based and proportional rates.

1.8 Summary

This report will review the wastewater rate study prepared for the City. This report has been prepared utilizing generally accepted and industry standard rate setting techniques, while taking into consideration the specific requirements for establishing rates pursuant to the California Constitution. This section of the report has provided a brief introduction to the general principles, techniques, and approach used to develop cost-based and proportional wastewater rates. These principles and techniques are the basis for the City's wastewater rate study.

2 Revenue Requirement

This section of the report details the development of the revenue requirement analysis for the City’s wastewater utility. The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of rate revenue adjustments needed to provide adequate and prudent funding for both O&M and capital needs of the utility. As noted previously, the primary objective of this Study was to develop cost-based and proportional wastewater rates that comply with the requirements of Proposition 218.

2.1 Determining the Revenue Requirement

In developing the City’s study, the objective of the revenue requirement is for the wastewater utility to financially stand on its own and be properly and adequately funded. That is to say, as an enterprise fund, no revenues are being transferred from other City departments or funds to support the wastewater utility. As a result, the revenue requirement analysis assumes the full and proper funding needed to operate and maintain the wastewater system on a financially sound and prudent basis for the long-term.

2.1.1 Establishing a Time Frame and Approach

To begin calculating the revenue requirement for the City’s wastewater utility, a time frame was established for the analysis (i.e., the Study period). The budget year (FY 2024) plus a projected period (FY 2025 – FY 2033) was determined to be an appropriate time frame for the projected revenue requirement analysis. The revenue requirement was based on the City’s adopted wastewater budget for FY 2024, which was then projected over a multi-year period based upon projected escalation, or inflationary, factors. Reviewing a multi-year time period is recommended since it attempts to identify major expenses that may be on the horizon. By anticipating future financial requirements, the City can begin planning for these changes sooner, thereby potentially minimizing short-term rate impacts and overall long-term rates.

The second step in determining the revenue requirement was to determine the basis for accumulating costs. As discussed in Section 1 of this report, the revenue requirement analysis was developed using the cash basis methodology or approach. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement. This is also the methodology that the City has historically used to establish the wastewater revenue requirement.

Given a time period around which to develop the revenue requirement and a method to accumulate the costs, the focus shifts to the development and projection of the revenues and expenses of the City’s wastewater utility.

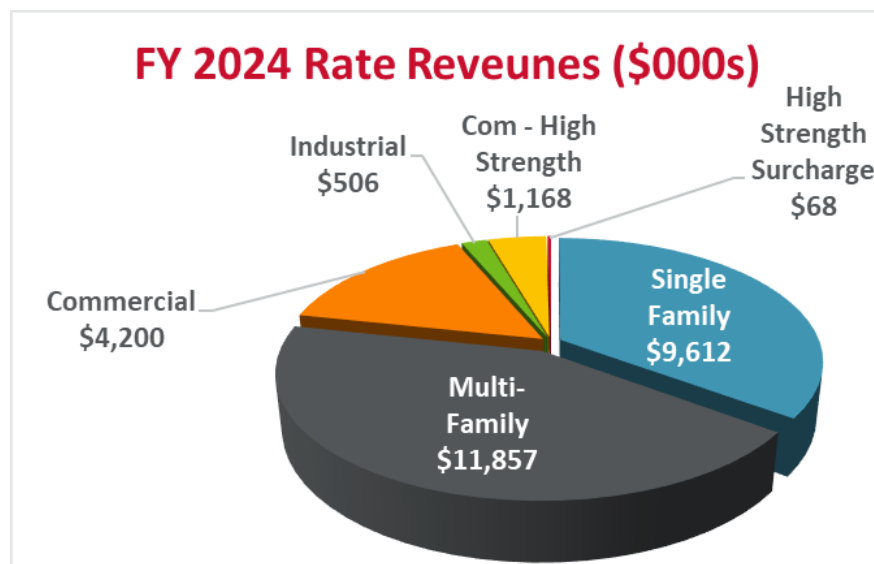
The primary financial inputs in the development of the revenue requirement were the City’s adopted FY 2024 budget documents, recent 12-months of customer billing data, historical

financial reports, and the City’s wastewater Capital Improvement Plan (CIP). Presented below is a detailed discussion of the analytical steps and key assumptions contained in the development of the projections of the City’s wastewater revenue requirement analysis.

2.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in developing a projection of the wastewater rate revenues, at present rate levels, was to determine the projected billing units (fixed and volumetric) for each customer group (i.e., class of service). The billing units for each customer group were based on the most recent 12-month period to determine the current customer billing and consumption characteristics. This level of billing units was compared to prior year billing units to review the level for purposes of calculating and projecting revenues for the study. These billing units were then multiplied by the applicable current wastewater rates. This method of independently calculating rate revenues links the projected rate revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the Study are reasonable for purposes of projecting future revenues, proportionally distributing costs and – ultimately - establishing

proposed cost-based wastewater rates. The rate revenues are also shown in Exhibit 3 of the Technical Appendix, under “Rate Revenues” for FY 2024.



As can be seen in the graph to the left, the majority of the City’s rate revenues are derived from Single Family and Multi-Family customers. The City also serves a variety of commercial customers. In

total, and at adopted rate levels for FY 2024, the City’s wastewater system is projected to receive approximately \$27.4 million in rate revenue in FY 2024. Based on current City planning documents, the Study has assumed no customer account growth with the exception of minor customer growth for multi-family customers. Assuming current rates (i.e., no rate adjustments), the projection of rate revenues increases slightly and is assumed to be approximately \$27.6 million by FY 2028. The detailed calculation of the rate revenues at present rates is shown on Exhibit 6 and the projection of revenues is calculated in Exhibit 7 of the Technical Appendix.

In addition to the rate revenues collected, the City also receives other miscellaneous revenues. These are revenues related to rents and leases, pretreatment analysis, interest income, etc. In total, the City is projected to receive approximately \$952,000 in miscellaneous revenues in FY 2024. Miscellaneous revenues were estimated to decrease slightly over the rate setting period

and reach \$778,000 by FY 2028 due to a use of reserves and a corresponding decrease in interest income.

On a combined basis, taking into account the rate revenues and the miscellaneous revenues, the City's wastewater utility has total projected revenues of approximately \$28.4 million in FY 2024 which remains flat through FY 2028. The assumptions used for projecting growth and increases in miscellaneous revenues can be found in Exhibit 2 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 3 of the Technical Appendix.

2.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the City to maintain the wastewater collection, conveyance, treatment, and disposal system at a consistent service level. The starting point of the projection of O&M expenses was the City's adopted FY 2024 budget. Budgeted O&M expenses were projected over the rate study time period based upon projected escalation, or inflationary, factors. These factors were based upon recent historical cost trends/increases and future projected increases. The escalation factors ranged from 2.0% to 23.5%, annually, based on the types of expenses (e.g., salaries, benefits, materials & supplies). These larger inflationary factors reflect increases experienced in insurance, benefits, utilities, and allocated costs from the City's General Fund. A summary of the escalation factors for the different costs incurred, for each year of the study, is provided in Exhibit 2 of the Technical Appendix. Additional staffing adjustments, including adding new staff, are estimated to start in FY 2026 based on the City's staffing plan with a total cost impact of \$400,000 annually, which is then projected (escalated) out at the salaries escalation factor.

The total operation and maintenance expenses for the wastewater utility are budgeted to be \$22.3 million in FY 2024. Based on the escalation of costs and the additions to O&M, the total O&M expenses are projected to increase to approximately \$30.4 million by FY 2028. A summary of the annual O&M expenses is shown as a line item in Table 2 – 2. The detailed projection of the O&M expenses can be found on Exhibit 3 of the Technical Appendix.

2.1.4 Projecting Capital Funding Needs

A key component in the development of the wastewater revenue requirement was to adequately fund annual capital improvement needs in both the short and long-term. One of the major issues facing many utilities across the U.S. is the amount of deferred capital projects and the funding pressure from regulatory-related improvements. Absent continued renewal and replacement of deteriorating infrastructure, the utility will incur additional costs related to service failures and increasing costs of replacement over the long-run. The proper and adequate funding of capital projects is an important issue for all wastewater utilities and not just a local issue or concern of the City. To accomplish this, the City has an adopted Capital Improvement Plan (CIP) to address both the near- and long-term needs of the wastewater utility.

In general, there are three types of capital projects that the City may need to fund. These include the following types:

- Renewal and replacement projects
- Growth / capacity expansion projects
- Regulatory-related projects

A renewal and replacement project is essentially a project to maintain the existing system that is in place today. As existing facilities age, they become worn out, obsolete, etc. The City should continuously be making investments to maintain the integrity of its facilities with renewal and replacement projects. In contrast to a renewal and replacement project, growth / capacity expansion projects are related to providing service (i.e., available capacity) to new customers. This may be through expansion of the existing system or construction of new facilities to provide service to customers within the City's service area. Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates the need for an improvement to the system to meet regulatory standards (e.g., limitations on discharges). Understanding these different types of capital projects is important because it may help to explain why costs are increasing and the cost drivers for any needed rate adjustment.

This is important as the way in which projects may be funded also generally varies by the type of capital project. For example, renewal and replacement projects should be funded through annual rates on a "pay-as-you-go" basis. In contrast to this, growth or capacity expansion projects may be funded through the collection of capacity charges (i.e., growth-related charges) in which new development pays a proportional share of the cost of improvements required as a result of their connection. Finally, regulatory projects may be funded by a variety of different means, which may include one or more sources such as rate revenues, long-term debt, grants, etc.

While the above discussion appears to neatly divide capital projects into three clearly defined categories, the reality of working with specific capital projects may be more complex. For example, a pump may be replaced, but while being replaced, it is upsized to accommodate the need for greater capacity. There are many projects that share these "joint" characteristics. At the same time, projects may not be "replacement" related, but rather "improvement" related.

As a part of this revenue requirement analysis, and capital funding plan, the City reviewed and determined that increasing the level of funding through a "pay-as-you-go" to more closely reflect annual renewal and replacement needs would be a priority to maintain the wastewater system. This approach also considered the availability of other funding sources (e.g., grants, low interest loans) and the challenge in relying on these competitive funding sources over the rate setting period. Over the rate setting period - FY 2025 through FY 2028, the City anticipates funding the capital needs with \$18.6 million in rate funding and \$4.3 million in reserve funding. No additional long-term debt is anticipated by the City for funding wastewater capital improvements over this rate setting period.

Provided below in Table 2 – 1 is a summary of the wastewater capital funding analysis for FY 2024 through FY 2028.

Table 2 – 1
Summary of the Capital Improvement Plan (000's)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Capital Projects					
Treatment Capital	\$3,030	\$1,200	\$2,750	\$625	\$1,400
Collection Capital	2,525	2,576	2,327	2,391	4,908
Future Capital Projects	(2,376)	0	0	1,000	0
Transfer to Capital Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>59</u>	<u>442</u>
Total Capital Projects	\$3,179	\$3,776	\$5,077	\$4,075	\$6,750
Other Funding Sources					
Operating Fund Reserves	\$2,278	\$0	\$0	\$0	\$0
Capital Fund Reserves	1	386	1,627	0	0
Carryovers and Encumbrances	0	0	0	0	0
Reimbursement	0	0	0	0	0
Secured Debt (SRF)	0	0	0	0	0
Assumed Low Interest Loan	0	0	0	0	0
Assumed Revenue Bond	0	0	0	0	0
Additional Revenue Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Funding Sources	\$2,279	\$386	\$1,627	\$0	\$0
Rate Funded Capital	\$900	\$3,390	\$3,450	\$4,075	\$6,750

While the total amount of capital projects to be funded may vary from year to year, the wastewater capital funding plan has attempted to provide a consistent funding source for the replacement of deteriorating system assets (i.e., renewal and replacement funding). In this case, beginning in FY 2024, the wastewater utility's rates will fund an amount of \$900,000 in projects. Over time, this source of funding is increased to almost \$6.8 million in FY 2028. As a point of reference, the City's annual depreciation expense was approximately \$5.3 million in FY 2022.

A desirable funding target for rate funded CIP is an amount equal to or greater than annual depreciation expense in order to approximately keep up with the rate of deterioration of the system assets. This level of funding is slightly less than the minimum level of rate funded capital based on annual depreciation expenses in the first year. It is important to understand that the depreciation expense is not the same as replacement cost. Thus, funding an amount which exceeds the depreciation expense is both prudent and appropriate. As noted, to help establish a prudent level of annual replacement funding through rates, HDR worked with City staff to develop a funding plan for the CIP. In developing this capital funding plan and overall financial plan, HDR and the City have attempted to minimize rate impacts while funding the capital projects identified by the City. With the proposed rate revenue increases, annual rate funding is greater than projected annual depreciation expense starting in FY 2028.

2.1.5 Projection of Debt Service

The City currently has four outstanding long-term debt issues with a total estimated annual payment in FY 2024 of \$3.6 million. The City currently has two additional long-term debt issues in the form of State Revolving Fund (SRF) loans that are slated to impact the wastewater utility in FY 2026 and FY 2028 with a combined annual debt service of \$2.5 million. Based on this assumption, the annual debt service payment is projected to increase to \$6.1 million by FY 2028. For projection purposes the existing revenue bond, with an annual debt service payment of approximately \$1.2 will be fully repaid in FY 2028 which reduced the overall annual debt service impact starting in FY 2029.

It is important to note that HDR is not advising the City on the terms of any long-term debt issuances but instead identifying the overall funding needs. The City is working with an independent financial advisor, and City financial staff, to develop the overall financing plan to fund the capital improvement projects identified in the Study. Given this, HDR is not acting in a municipal advisor role to the City for the issuance of any long-term borrowing.

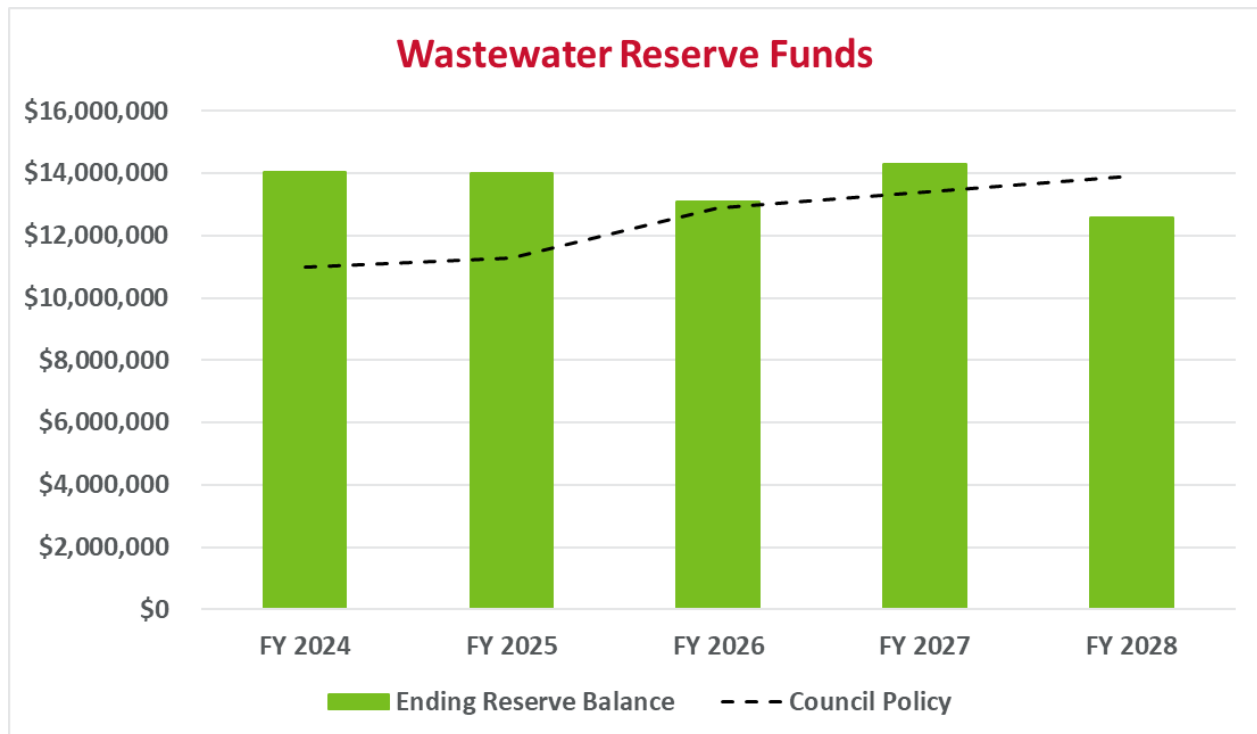
2.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. This can be described as additional transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to fund cash flow variances. As will be shown, the proposed rates are at sufficient levels to maintain minimum target levels and to be available for future capital projects.

- **Operating Reserve:** The City does not currently have a designated or segregated operating reserve, per se. However, to aid in the financial modelling, one was utilized to better reflect needed reserves to address varying cash flow requirements. While an operating reserve was developed for financial modeling purposes, it acts only as a financial buffer to address daily and seasonal cash flow requirements. The use of this fund for financial modeling purposes is to segregate the needed funds for daily operating requirements from those funds/reserves which address capital funding requirements.
- **Capital Reserve:** The City's minimum target for the capital reserve is set at the lessor of 5% of the net book value of assets or the three-year average CIP less debt funded capital for the City's wastewater utility. In FY 2024, this minimum target calculated at \$4.1 million based on the lowest target of the two options.
- **Disaster Reserves:** The City has established a policy of 15% of O&M expenses for the disaster reserve fund, and for FY 2024 that equals \$3.3 million. This level is met in FY 2024 and remains at the target level for the entire rate setting period with the transfer of funds in future years to reflect target minimums over the rate setting time period.
- **Contingency Reserves:** The reserve fund for contingency has a City policy of 10% of O&M expenses which is approximately \$2.2 million for FY 2024. This target is met in the first year. Over the rate setting period, the fund is maintained at the target minimum through transfers of funds in future years to reflect target minimums over the rate setting time period.

- Debt and Rate Stabilization Reserve:** This fund is to hold an amount aside as a buffer for the outstanding long-term debt issuances as well as to provide emergency funding should wastewater rate revenues be substantially low. There is no target for this reserve fund at this time. There was no additions or uses of funds assumed over the review period and so the balance remained flat.

Provided below is a graphical summary of the ending balances of the reserve funds over the FY 2024 through FY 2028 rate setting period. As can be expected, given the timing and level of capital funding needs the reserve funds vary from year to year. In general, the Study has maintained minimum reserve levels during the four-year rate setting time period.



As shown in the above graph, the City policy reserve levels are not being met in FY 2028. However, the City’s policies state that as long as there is a plan to return to City policy levels, then it is acceptable. In this case the projection, assuming reasonable rate increases in FY 2029 and FY 2030, the reserves would meet City policy levels in FY 2030.

2.1.7 Summary of the Wastewater Revenue Requirement

Given the above projections of revenues and expenses, a summary of the wastewater revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the City. In particular, emphasis was placed on attempting to minimize rate increases, yet still provide adequate funds to support the operational activities and capital projects during the rate setting period. Presented below in Table 2 – 2 is a summary of the City’s projected wastewater revenue requirement.

Table 2 - 2
Summary of the Revenue Requirements (000's)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
Rate Revenues	\$27,410	\$27,447	\$27,484	\$27,521	\$27,558
Miscellaneous Revenues	<u>952</u>	<u>1,056</u>	<u>953</u>	<u>887</u>	<u>778</u>
Total Revenues	\$28,362	\$28,503	\$28,436	\$28,407	\$28,335
Expenses					
Total O&M	\$22,261	\$23,905	\$26,345	\$28,289	\$30,417
Rate Funded Capital	900	3,390	3,450	4,075	6,750
Debt Service	3,552	3,551	4,116	4,114	6,053
Reserve Funding	<u>1,649</u>	<u>265</u>	<u>(4)</u>	<u>541</u>	<u>(2,823)</u>
Total Revenue Requirement	\$28,362	\$31,111	\$33,906	\$37,019	\$40,396
Bal./(Def.) of Funds	\$0	(\$2,607)	(\$5,470)	(\$8,612)	(\$12,061)
Bal. as a % of Rate Rev.	0.0%	9.5%	19.9%	31.3%	43.8%
Proposed Revenue Adjustmt	0.0%	9.5%	9.5%	9.5%	9.5%
Add'l Rev. from Rev Adj	\$0	\$2,607	\$5,470	\$8,612	\$12,061
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0

As shown above, the revenue requirement is the sum of the annual O&M expense, rate funded capital (pay-as-you-go), debt service, and reserve funding. The total revenue requirement is then compared to the total sources of funds which include the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison, a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the current level of rate revenues to determine the level of adjustment needed to meet the revenue requirement. It is important to note the "Bal. / (Def.) of Funds" row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. The cumulative deficiency in FY 2028 is 43.8% of the rate revenues.

The revenue requirements developed in Table 2 - 2 have been developed based on industry standard approaches, City specific wastewater utility data, adopted budget, planning information, and reflect the financial policies of the City. More specifically, the City desires to adequately and prudently fund its wastewater operating and capital needs. In doing so, any needed revenue adjustments should avoid large adjustments in any single year.

Table 2 – 2 also includes a set of proposed revenue adjustments (blue highlighted band) which are sufficient to meet the total revenue requirements over the projected time period. As noted, the proposed revenue adjustments are a function of assumed inflation / cost escalation over this time period, coupled with the need to increase the capital improvement funding from rates (renewal and replacement funding), maintain City policy reserve levels, fund annual debt service payments, and meet legally required debt service coverage ratios. If wastewater rate adjustments are not implemented, the City will have insufficient funding to prudently operate

and maintain the wastewater system or meet annual debt service coverage requirements when additional long-term debt is issued. Over the rate setting period, annual deficiencies range from \$2.6 million in FY 2025 to \$12.1 million in FY 2028. It is important to note that these proposed overall revenue adjustments may not reflect the final rate adjustments, or bill impacts, seen by the City's individual customers as the cost of service may change the proportional share of costs that each customer class is responsible for. The overall revenue adjustment reflects the needed revenues for the wastewater system as a whole. Detailed exhibits of the revenue requirement analysis can be found in the Technical Appendix in Exhibits 1 – 7.

2.2 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the City adjust their overall wastewater system rate revenues 9.5%, annually, in FY 2025 through FY 2028. HDR has reached this conclusion for the following reasons:

- Revenue adjustments are necessary to fund the City's capital projects
- Revenue adjustments are necessary to fund the City's issuance of long-term debt that was issued to fund prior capital projects. Absent the proposed revenue adjustments, the City will be unable to meet overall debt service coverage ratios and issue additional long-term debt to fund necessary capital projects.
- The revenue adjustments reflect the need to fund annual inflationary impacts to operation and maintenance of the wastewater utility
- Revenue adjustments provide the funding to maintain the City's reserve policies and meet the minimum target by FY 2030.
- The proposed revenue adjustments maintain the City's strong financial health and provide long-term sustainable funding levels for the City's wastewater utility.

In reaching this conclusion, HDR recommends that the City adopt the proposed revenue adjustments in order to provide sufficient funding for its annual O&M and capital improvement program over the FY 2024 – FY 2028 rate setting period.

2.3 Summary

This section of the report has provided a discussion of the City's wastewater revenue requirement analysis. The revenue requirement analysis determined the overall operating and capital costs of the City's system and developed a revenue transition plan to support the City's needed revenue adjustments. The next section of this report will discuss the cost of service analysis developed for the City's wastewater utility which is the basis for establishing cost-based and proportional wastewater rates for the City's customers.

3 Cost of Service

In the previous section, the revenue requirement analysis focused on the total sources and application of funds needed to adequately fund the City’s wastewater utility. This section will provide an overview of the cost of service analysis developed for the City’s wastewater utility.

The wastewater cost of service analysis is concerned with the proportional distribution of the total revenue requirement among the customer classes of service (e.g., residential, commercial) to meet the proportionality requirements of Proposition 218. The revenue requirement for FY 2025, as developed in Section 2 of this report, was utilized in the development of the cost of service analysis.

3.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a wastewater cost of service study:

- Proportionally distribute the City’s revenue requirement among the customer classes of service; and
- Derive average unit costs (i.e., cost-based rates) for subsequent rate designs.

The primary objective of the cost of service analysis is to collect the revenue requirement from the City’s customer classes of service in a proportional manner. The second reason for conducting a cost of service analysis is to allow for the development of proposed rates that properly reflect the costs incurred by the City and the differing impacts that each customer class of service places on the wastewater system. For example, a wastewater utility typically incurs costs related to flow (wastewater volumes), strength, and customer cost components. Each of these types of costs may be collected in a slightly different manner to allow for the development of rates that collect costs in the same manner as they are incurred.

3.2 Determining the Customer Classes of Service

The first step in a cost of service analysis is to determine the customer classes of service. The classes of service used within the City’s wastewater cost of service analysis are:

- Residential
 - ✓ Single Family
 - ✓ Multi-Family
- Commercial
- Commercial High
- High Strength Surcharge

In determining the classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon facility requirements and/or flow characteristics. HDR reviewed the current customer characteristics and facility requirements to confirm the classes of service. The classes of service used within this cost of service study are the City’s current customer (rate) classes and these customer groupings are consistent with typical industry practices and reflect the different customer types the City serves.

3.3 General Cost of Service Procedures

In order to determine the proportional cost to serve each customer class of service on the City’s wastewater system, a cost of service analysis is conducted. A cost of service analysis utilizes a three-step approach to review costs. This analytical process is outlined in Chapters 6 and 7 of the Water Environment Federation Manual of Practice No. 27 (WEF MOP #27). These steps take the form of functionalization, allocation, and distribution. Provided below is a detailed discussion of the cost of service analysis conducted for the City’s wastewater utility, and the specific steps taken within the analysis.

3.3.1 Functionalization of Costs

The first analytical step in the cost of service analysis is called functionalization. Functionalization is the arrangement of expenses and asset (infrastructure) data by major operating functions (e.g., collection, pumping, treatment). Within the Study, the City’s accounting records functionalized the expenses and assets.

3.3.2 Allocation of Costs

The second analytical task performed in a wastewater cost of service study is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The following cost allocation components were used to develop the City’s Study:

- ✓ **Volume Related Costs:** Volume related costs are those costs which tend to vary with the total quantity of wastewater collected and treated. A majority of collection system costs are included in this component as the collection system is primarily sized to reflect total flows from customers on the

Terminology of a Wastewater Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g., collection, pumping, treatment).

Allocation – The assignment of functionalized costs to cost components (e.g., volume, strength, and customer related).

Distribution – Proportionally distributing the allocated costs to each class of service based upon each class’s proportional contribution to that specific cost component.

Volume Costs – Costs that are allocated as volume-related vary with the total flow of wastewater (e.g., power for pumping).

Strength Costs – Costs allocated as strength-related refer to the wastewater treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD), total suspended solids (TSS), and ammonia (NH₃). Different types of customers may have high wastewater strength characteristics. High strength wastewater costs more to treat. Treatment facilities are, in part, designed and sized to meet these treatment demands.

Customer Costs – Costs allocated as customer-related vary with the number of customers on the wastewater system, e.g., billing, collecting, and accounting costs.

Direct Assignment – Costs that can be clearly identified as belonging to a specific customer or group of customers.

system. Another example of a volume-related cost is electricity used for pumping or treating wastewater.

- ✓ **Strength-Related Costs:** Strength-related costs are those costs associated with the additional handling and the treatment of high “strength” wastewater. For the City’s study, strength was differentiated between biochemical oxygen demand⁵ (BOD), total suspended solids⁶ (TSS), and Ammonia⁷ (NH₃). These three constituents represent the strength factors that drive the City’s treatment related costs. Increased strength levels of BOD, TSS, or NH₃ equates to increased treatment costs for wastewater treatment systems.
- ✓ **Customer-Related Costs:** Customer-related costs vary with the addition or deletion of a customer or a cost which is a function of the number of customers served. Customer related costs typically include the costs of billing, collecting, and accounting. Customer related costs can be further defined as “weighted” which reflects a higher per customer cost of providing specific costs such as billing. An example of a weighted approach and as noted in the WEF MOP #27, is a capacity component may be included which reflects the capacity placed on the system by a customer in comparison to a residential equivalent (e.g., flow per account in terms of the number of residential customers).
- ✓ **Revenue-Related Costs:** Some costs associated with the utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility tax which is based on gross utility revenue.

The basis, or methodology, for the cost allocation process is outlined in the WEF MOP #27. The methodology provided in the manual was then tailored and applied to the City’s specific and unique circumstances, customers, costs, and system operation to develop an appropriate allocation approach.

3.3.3 Development of Distribution Factors

Once the allocation process is complete, and the customer groups have been defined, the allocated costs were distributed to each customer class of service. The City’s allocated costs were proportionally distributed to the customer classes of service using the following distribution factors.

- ✓ **Volume Distribution Factor:** Volume-related costs are generally distributed on the basis of each class’s contribution to total wastewater flows. In order to develop this distribution factor, some knowledge of the contribution to flows must be determined. Wastewater flows were estimated based on billed usage and winter water consumption plus assumed I&I⁸ for each class of service for the Study test period (FY 2025). Winter water consumption is used as a surrogate for wastewater flows as wastewater flows are not metered at the individual customer level. Winter water is presumed to reasonably reflect “indoor

⁵ BOD is the amount of dissolved oxygen that must be present in wastewater in order for microorganisms to decompose the organic matter in the wastewater.

⁶ TSS is the entire amount of organic and inorganic particles dispersed in wastewater.

⁷ NH₃ is the quantity of elemental nitrogen present in wastewater as ammonia (NH₃) and expressed as elemental nitrogen, N, and hydrogen, H.

⁸ I&I is the inflow and infiltration of water into the wastewater system. This can be from rainwater, groundwater, or other sources of water that make it into the wastewater system.

consumption” and the amount that is discharged into the wastewater system. The calculation of the volume distribution factor is shown in Exhibit 8 of the Technical Appendix.

- ✓ **Customer Distribution Factor:** Customer costs within the cost of service analysis are distributed to the customer classes of service based upon their respective number of customer accounts. Three types of customer distribution factors were developed: actual, weighted customer service and accounting, and capacity demand. The actual customer distribution factor assumes that there is no disproportionate per customer cost associated with serving a customer (e.g., postage for bills is the same regardless of the size or usage of the customer) and a proportional distribution to each class of service is based on the number of accounts in each class. In contrast, a weighted customer distribution factor assumes that there is some disproportionality associated with serving different types of customers. The weighted customer service and accounting distribution factor attempts to estimate the level of cost difference in serving the customers and, in the Study, is based on the number of dwelling units as opposed to the number of accounts. Exhibit 9 of the Technical Appendix provides the calculation of the customer allocation factor.
- ✓ **Capacity Demand Distribution Factor:** This factor attempts to reflect the different costs and capacity requirements (i.e., demands) associated with serving customers with larger sized meters. For example, there is a significant cost difference associated with the potential demand (or wastewater flow) of a customer with a 6” water meter as compared to a customer with a 5/8” water meter. This capacity and cost difference is reflected within the distribution factor. The distributed cost reflects the proportion of fixed costs on the system which are distributed based on the capacity demands the customer can place on the system based on the size (i.e., capacity) of their respective meter. This distribution factor is also included in Exhibit 9 of the Technical Appendix and as a customer related component of the analysis.
- ✓ **Strength Distribution Factor:** Strength-related costs are distributed between BOD, TSS, and NH3. These costs are distributed to each of the classes of service based upon their estimated strength levels (i.e., their respective contributions to the strength of the wastewater). Strength levels for residential and commercial customers were estimated based upon industry data / standards, as well as limited data from the City. The strength levels for the high strength customers were based on actual testing of the customers’ wastewater. The strength levels in total, for each customer class of service, were utilized to calculate the pounds removed for each constituent. Exhibit 10 in the Technical Appendix provides the calculation of the strength-distribution factor.
- ✓ **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for FY 2025 for each customer class of service as developed in Exhibit 3. A summary of the revenue allocation factor is provided in Exhibit 11 of the Technical Appendix.

The development of the City’s distribution factors within this cost of service analysis were based on generally-accepted principles as outlined in the WEF MOP #27 to meet the proportionality requirements of Proposition 218.

3.4 Summary of the Wastewater Cost of Service Analysis

In summary, the cost of service analysis began by functionalizing the City’s wastewater assets (infrastructure) and O&M expenses. The functionalized asset and expense accounts were then allocated to the appropriate cost component(s). Provided below in Table 3 - 1 is a summary of the allocation of the City’s FY 2025 test period revenue requirement using the methodology outlined in the WEF MOP #27 and the City’s specific facility requirements and operations.

Table 3 – 1				
Summary of the Allocation of the FY 2025 Revenue Requirement (\$000’s)				
Volume	Strength	Customer	RR / DA	Total
\$7,019	\$6,323	\$16,712	\$0	\$30,054

Based on generally accepted approaches, and the City’s specific costs and operation of the wastewater collection and treatment system, the revenue requirement of approximately \$30.1 million is allocated between the volume, strength, and customer related components. Detailed exhibits of the allocation of the FY 2025 revenue requirement can be found on Exhibits 13 and 14 of the Technical Appendix.

Once the FY 2025 revenue requirements are allocated to the appropriate cost component(s), they are then proportionally distributed to the customer classes of service based on the distribution factors previously developed. The distributed costs are then summed to develop the total distribution of costs to each customer class of service. Provided below in Table 3 – 2 is a summary of the distribution of costs to the customer classes of service.

Table 3 – 2					
Summary of the Distribution of the FY 2025 Revenue Requirement (\$000’s)					
	Volume	Strength	Customer	RR / DA	Total
Residential	\$5,123	\$4,326	\$13,932	\$0	\$23,381
Commercial	1,338	1,130	2,300	0	4,769
Commercial High / Industrial	557	792	481	0	1,830
High Strength Surcharge	<u>0</u>	<u>75</u>	<u>0</u>	<u>0</u>	<u>75</u>
Total	\$7,019	\$6,323	\$16,712	\$0	\$30,054

As shown in Table 3 – 1 and 3 – 2 the total revenue requirement for FY 2025 of \$30.1 million has been allocated to the cost components based on generally accepted methodologies and the City’s system characteristics. Next, the individual allocation totals were distributed proportionally to the customer classes of service based on the appropriate distribution factors. For example, volume-related costs were distributed based on each customer class’s estimated share of total

wastewater contributions (flows). Summing the distributed costs for each class of service provides the total distributed cost for each class of service (e.g., Residential = \$23.4 million).

The total distributed costs for each class of service are then compared to the current revenues of each class of service to determine the overall change in revenues needed from each class of service to reflect the proportional distribution of costs (i.e., the cost of service). Provided below in Table 3 - 3 is a summary of the cost of service analysis for the City’s Study.

Table 3 - 3 Summary of the FY 2025 Wastewater Cost of Service Analysis (\$000)				
Class of Service	Current Rate Revenues	Distributed Costs	\$ Difference	% Difference
Residential	\$21,505	\$23,381	(\$1,876)	8.7%
Commercial	4,200	4,769	(569)	13.5%
Commercial High	1,674	1,830	(156)	9.3%
High Strength Surcharge	<u>68</u>	<u>75</u>	<u>(7)</u>	10.1%
Total	\$27,447	\$30,054	(\$2,607)	9.5%

The results of the cost of service analysis indicate minor cost differences between the customer classes of service. When reviewing the results of the cost of service analysis, it is important to understand that the results will not be “exact” each time the City updates its cost of service analysis. This is due to changing customer wastewater characteristics, external impacts to customer wastewater flows (e.g., drought conditions), and other changes in how the City incurs costs.

To comply with the requirements of Article XII D, Section 6 (b) of the California Constitution (i.e., Proposition 218), HDR recommends that cost of service adjustments be made in accordance with the results of the cost of service analysis. This analysis provides the cost-basis for the proposed rates. To accomplish this, the distributed costs shown in the prior tables are used to develop average unit costs which become the proposed rates. In this way, the proposed rates are proportional, cost-based, and reflect the results of the cost of service analysis.

Provided below in Table 3 – 4 is the development of the Residential average unit costs, for both Single Family and Multi-Family customer classes. As a point of reference, the fixed charges are based on the system average fixed average unit cost calculation which is based on the fixed costs divided by the total number of customers. The distribution column reflects the proportional share of costs for each customer class based on the distribution factors in Exhibits 8 through 11. For example, in Table 3 – 4, the “% Distribution of Total” for the volume charge reflects the Residential proportional share of these allocated costs. The costs shown in Table 3 - 4 were taken from Table 3 – 2. The calculated average unit costs then become the basis for the proposed wastewater rates under the rate design section.

Table 3 – 4
Summary of the FY 2025 Residential Unit Costs (\$000's)

	% Distribution of Total	Total Costs	Billing Units	Average Unit Cost
Fixed Charge (monthly)				
Weighted Customer	93.6%	\$0	38,828	\$0.00
Capacity Demand	83.4%	13,932	38,828	29.90
Rev. Related	78.4%	<u>0</u>	38,828	<u>0.00</u>
Total Fixed		\$13,932		\$29.90
Volume Charge (HCF)				
Volume	73.0%	\$5,123	2,085,235	\$2.46
BOD	68.9%	1,146	2,085,235	0.55
TSS	68.3%	2,521	2,085,235	1.21
Ammonia	68.0%	<u>659</u>	2,085,235	<u>0.32</u>
Total Volume		\$9,449		\$4.53

The approach to establishing the average unit costs for the Commercial and Commercial-High customer classes was slightly different than for the development of the Residential average unit costs. The current and proposed rate structure is based on a minimum bill approach. Under this minimum bill approach, the customer's bill reflects the greater of the minimum bill by meter size, or the actual metered water consumption times the wastewater volume rate. In this way, each customer, by meter size, funds the fixed costs of the system through the cost of service allocation of costs. The development of the minimum bill for a 5/8" meter started with utilizing the average unit cost for the customer related costs. Subsequent (i.e., larger) meter sizes were adjusted based on the meter equivalencies developed based on the American Water Works Association (AWWA) safe operating capacities for water meters. Table 3 – 5 shows the development of the Commercial customer class volume average unit cost calculation. The costs shown in Table 3 - 5 were again taken from Table 3 – 2 and the calculated average unit costs in Table 3 - 5 will become the basis for the Commercial and Commercial-High rate designs.

Table 3 – 5
Summary of the Commercial Unit Costs (\$000's)

Distributed Costs	% Distribution	Total Costs	Billing Units	Average Unit Cost
Fixed Charge				
Volume	19.1%	\$1,338	376,194	\$3.56
BOD	18.0%	300	376,194	0.80
TSS	17.8%	659	376,194	1.75
AMN	17.8%	<u>172</u>	376,194	<u>0.46</u>
		\$2,469		\$6.56

Similar to how the average volume unit costs for the Commercial customer class was developed, the average unit costs for the Commercial High / Industrial class were calculated in Table 3 - 6 below.

Table 3 – 6
Summary of the Commercial – High Strength Unit Costs (\$000's)

Distributed Costs	% Distribution	Total Costs	Billing Units	Average Unit Cost
Fixed Charge				
Volume	7.9%	\$557	186,617	\$2.99
BOD	12.0%	200	186,617	1.07
TSS	13.0%	479	186,617	2.57
AMN	11.6%	<u>113</u>	186,617	<u>0.60</u>
		\$1,349		\$7.23

The development of the high strength surcharges followed the same methodology for distributing costs as outlined in the MOP #27 which is the same approach as with all other customer classes. The development of the high strength surcharge was based on the City's actual treatment process and the total pounds removed from the wastewater for BOD, TSS, and NH3 at the wastewater treatment plant. The costs distributed to the treatment of strength constituents for the High Strength Surcharge was then divided by the pounds removed. A summary of the strength factors is included in Exhibit 10 of the Technical Appendices.

Table 3 – 7 provides a summary of the average unit cost calculation for the Commercial High-Strength customer class. It should be noted that these high strength charges reflect only those pounds greater than the strength included within the rate structure which are 750 mg/l for BOD, 850 mg/l for TSS, and 90 mg/l for NH3. These limits are based on the maximum values experienced in the City's system for domestic customers as well as industry standard strength levels for domestic customers. All strength discharges below these levels are included within the rates charged for these customers.

Table 3 – 7
Summary of the High Strength Surcharge Unit Costs

	% Distribution of Total	Total Costs (\$000s)	Pounds	Ave. Unit Cost (\$ / Lb)
BOD >750 mg/l	1.0%	\$17	57,014	\$0.30
TSS >850 mg/l	0.9%	33	57,186	0.58
NH3 > 90 mg/l	2.5%	<u>25</u>	18,005	1.37
Total		\$75		

In summary, the allocated and distributed costs for each customer class of service are used to develop the proposed rates for the test period, in this case, FY 2025. The total distributed costs for each class of service are divided by the appropriate billing units (e.g., number of customers, volumetric usage, pounds, etc.) to provide average unit costs. The average unit costs are cost-based rates which provide the basis for the proposed rates to be discussed in the next section of the report. The development of the cost of service analysis and average unit costs are provided in Exhibits 15 and 16 of the Technical Appendix.

3.5 Consultant’s Conclusions

While the results of the cost of service analysis indicated some cost differences, the overall distribution of costs between customers generally appears to be reasonable. As noted, HDR is recommending that the City implement cost of service adjustments and realign the rate structures at this time. This realignment is a natural progression in designing rates as the results of the calculation may change between analyses based on consumption habits, the manner in which costs are incurred, system design or operation, etc. Given this, the proposed rates in Section 5 will reflect the results of the cost of service analysis.

3.6 Summary

This section of the report has provided a summary of the cost of service analysis developed for the City’s wastewater utility. This analysis was prepared using generally accepted cost of service techniques and principles. The next section of the report will review the present and proposed wastewater rates for the City.

4 Rate Design Analysis

The final step of the City's Study is the design of proposed wastewater rates to collect the cost-based and proportional levels of revenues from each customer class of service. These adjustments to rates are based on the results of the revenue requirement and cost of service analyses. In reviewing the City's wastewater rates, consideration was given to the level of the rates and the structure of the rates.

4.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria should be considered when setting utility rates. Some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer's perspective
- Rates which are easy for the utility to administer
- Continuity, over time, of the rate making philosophy
- Policy considerations (encourage efficient use, economic development, etc.)
- Provide revenue stability from month-to-month and year-to-year
- Promote efficient allocation of the resource
- Proportional and non-discriminatory (cost-based)
- Compliance with State law (i.e., Proposition 218)

It is important that the City provide its customers with a proper price signal as to what their usage or volumetric wastewater contributions are costing. This goal may be approached through rate level and structure. When developing the proposed rate designs, all the above-listed criteria can be taken into consideration. However, it is difficult, if not impossible, to design a rate that meets all the rate design goals and objectives listed above. A key component of the cost of service is developing a method to proportionally distribute costs, which in the above goals is noted as proportional and non-discriminatory. For the City, meeting the requirements of Proposition 218 is of paramount importance. Given that, the proposed rates take into consideration the above goals to the greatest extent possible while maintaining the required compliance with Proposition 218.

4.2 Development of Cost-Based Rates

As mentioned, developing cost-based and proportional rates is critical in developing the proposed wastewater rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates. Given this, the development of the City's proposed wastewater rates have been developed to meet the legal requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally allocated among the customer classes of service and the customers within each class. HDR would point out that there is no single methodology for proportionally assigning costs

to the customer groups. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides methodologies which may be used to establish cost-based and proportional rates. Article XIII D does not provide a specific methodology for establishing rates; instead, it provides a legal test as described in the next paragraph. Given that, HDR developed the City's proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- ✓ **The revenue derived from the City's wastewater rates does not exceed the funds required to provide the property related service (i.e., wastewater service).** The proposed rates are designed to collect the overall revenue requirement of the City's wastewater system.
- ✓ **The revenues derived from wastewater rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's wastewater rates are used exclusively to operate and maintain the City's wastewater system.
- ✓ **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** Section 3 of the wastewater rate study focused exclusively on the issue of proportional assignment of costs to customer classes of service. The proposed rates have appropriately grouped customers into customer classes of service (e.g., residential, commercial) that reflect the varying consumption patterns and system requirements (i.e., the benefits they receive from and burdens they place on the system) of each customer class of service. The grouping of customers and rates into these classes of service creates the proportionality expected under Article XIII D by having differing rates by customer classes of service which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned to customer classes of service and customers within each class of service based upon their proportional impacts.

4.3 Overview of the Current Rate Structure

It is important to understand that each customer class of service has a separate rate given the different characteristics as outlined in the cost of service analysis. The City also uses different rate structures for the different customer classes of service.

The Residential customers are currently charged a fixed and a volumetric charge. The fixed charge reflects a portion of the fixed costs to provide service to customers. The volumetric charge is based on individually metered water consumption to establish volumetric billing units and recover the remaining costs of providing service. Volumetric billings are "capped" for single family customers. The purpose of limiting the applicable billing units is to recognize that water use above a certain level is likely being used for outdoor watering, which does not flow into the wastewater collection system or receive treatment at the El Estero treatment facility. In this report, the word "cap" refers to the quantity of water, in HCF, after which residential customers are not charged wastewater fees for volumetric use.

For Single Family Residential customers, the rate includes a monthly base fee that is the same for all customers, plus a volume charge for the first 8 HCF of metered water consumption. The 8 HCF reflects the historical average water consumption estimate for indoor use of the typical single family customer, which is used as a surrogate for wastewater volumes discharged to the wastewater collection and treatment system. In the case of Multi-Family Residential, there is a fixed charge per unit, plus a volume charge on all metered water consumption.

The current commercial rate schedule has two separate customer classes: Commercial and Commercial High-Strength. The rate structure used for both Commercial and Commercial High Strength are the same, but the rates vary. The structure includes a minimum charge which varies by the size of the customer’s water meter, or a volume charge based on all water consumption. The Commercial and Commercial High-Strength customers are charged the greater of either the minimum charge or the volume-based charge.

There is also the High Strength Surcharge category for customers that exceed the limits of strength of waste assumptions included in the commercial rates. These high-strength customers are tested routinely and billed on the pounds over the limit on a \$ / pound basis for each constituent which is currently BOD, TSS, and Ammonia.

4.4 Development of the Proposed Wastewater Rates

After reviewing the data, cost of service results, and discussion with City staff, no rate structure changes are recommended at this time. During the prior rate study, there were a number of changes that were made to better align the rates with the goals and objectives of the City. The proposed wastewater rates are based on the results of the overall revenue needs (revenue requirement) and the proportional distribution of costs (cost of service) and are based on the current rate structure for each class of service. As a point of reference, the current rates were adopted in June 2022 as part of the prior rate study for FY 2023, FY 2024, and FY 2025. However, given the changes to operating and capital expenses due to recent inflation, this study is updating the proposed rate for FY 2025 – FY 2028.

4.4.1 Proposed Residential Rates

In Section 3 of the report, the cost of service analysis, Table 3 - 4 calculated the unit costs resulting from the cost of service analysis. The calculated fixed and variable charges from Table 3 - 4 are the basis for the proposed FY 2025 rates for Residential customers which includes single family and multi-family customers.

Provided below in Table 4 – 1 is a summary of the current and proposed Residential wastewater rates.

Table 4 – 1
Summary of the Present and Proposed Residential Rates

	Present Rates	FY 2025	FY 2026	FY 2027	FY 2028
	<i>\$ / Acct or LU</i>				
Base Charge	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
Volume Charge					
<i>Single Family</i>	<i>\$ / HCF</i>				
0 – 8 HCF	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95
Over 8 HCF	0.00	0.00	0.00	0.00	0.00
<i>Multi-Family</i>					
All Usage	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95

As a note, the rates are designed to be implemented at the start of the fiscal year, or July 1 of each year.

4.4.2 Proposed Commercial and Commercial High-Strength Rates

Provided below in Table 4 – 2 is a summary of the current and proposed Commercial and Commercial High-Strength rates. The rate structure for these two customer groups remains the same as the present rate structure. The unit costs for volume were utilized for each commercial rate schedule in Tables 3 - 5 and 3 - 6. The minimum charge for each commercial rate schedule was based on the average unit costs as developed in the cost of service analysis for a 5/8" meter. The minimum charge for larger meter sizes is based on the equivalent meter factors as determined in the AWWA M1 Manual. In this way, each customer's bill includes the minimum charge for an equivalent connection. The volume charge is based on the calculated average unit costs in the cost of service analysis.

Table 4 – 2
Summary of the Present and Proposed Commercial Rates

	Present Rates	FY 2025	FY 2026	FY 2027	FY 2028
Commercial					
Minimum Bill	\$ / Meter				
5/8-inch	\$51.69	\$53.28	\$58.34	\$63.88	\$69.95
3/4-inc	77.54	79.92	87.51	95.82	104.92
1-inch	90.46	93.24	102.10	111.79	122.41
1-1/2-inch	129.23	133.20	145.85	159.70	174.87
2-inch	206.76	213.12	233.36	255.52	279.79
3-inch	387.68	399.60	437.55	479.10	524.61
4-inch	646.13	666.00	729.25	798.50	874.36
6-inch	1,292.25	1,332.00	1,458.50	1,597.00	1,748.72
8-inch	2,067.60	2,131.20	2,333.60	2,555.20	2,797.94
10-inch	2,972.18	3,063.60	3,354.55	3,673.10	4,022.04
Volume Charge	\$ / HCF				
All Consumption	\$5.27	\$6.56	\$7.18	\$7.86	\$8.61
Commercial High / Industrial					
Minimum Bill	\$ / Meter				
5/8-inch	\$59.70	\$66.31	\$72.61	\$79.51	\$87.06
3/4-inc	89.55	99.47	108.92	119.27	130.59
1-inch	104.48	116.04	127.07	139.14	152.36
1-1/2-inch	149.25	165.78	181.53	198.78	217.65
2-inch	238.80	265.24	290.44	318.04	348.24
3-inch	447.75	497.33	544.58	596.33	652.95
4-inch	746.25	828.88	907.63	993.88	1,088.25
6-inch	1,492.50	1,657.75	1,815.25	1,987.75	2,176.50
8-inch	2,388.00	2,652.40	2,904.40	3,180.40	3,482.40
10-inch	3,432.75	3,812.83	4,175.08	4,571.83	5,005.95
Volume Charge	\$ / HCF				
All Consumption	\$6.65	\$7.23	\$7.92	\$8.67	\$9.49

As noted, the proposed Commercial wastewater rates maintain the current rate structure and only the level of the rates is adjusted as calculated in the cost of service analysis.

4.5 High Strength Surcharge Rates

As noted in the cost of service analysis in Section 3, the treatment-related costs were allocated to the three different strength constituents (BOD, TSS, and NH3). Given the allocation of treatment costs to each strength constituent, a cost per pound for each strength constituent can be developed. The development of these strength-related costs was calculated in the cost of service analysis and a summary previously provided in Table 3 - 7. Provided in Table 4 - 3 are the present and proposed High Strength Surcharges.

Table 4 – 3
Summary of the Present and Proposed High Strength Surcharge - \$ / Pound

	Present Rates	FY 2025	FY 2026	FY 2027	FY 2028
BOD >750 mg/l	\$0.34	\$0.30	\$0.33	\$0.36	\$0.39
TSS >850 mg/l	0.48	0.58	0.64	0.70	0.77
Ammonia >90 mg/l	1.17	1.37	1.50	1.64	1.80

As noted, these charges, on a dollar per pound basis, will only apply to a limited number of customers and, more specifically, only those wastewater volumes above the limits as established in the Study and noted in Table 4 – 3. The rates for all other customers include and reflect the cost of treating domestic strength wastewater volumes.

4.6 Rate Adoption

Proposition 218 outlines the process to legally adopt and implement the proposed wastewater rates. The first requirement is that the rates must be cost-based and proportional, which is the purpose of completing the wastewater rate study. Once the proposed wastewater rates have been developed, a public process must be undertaken to adopt the proposed rates. This began with the presentation of the proposed rates to the Finance Committee and City Council in April 2024. At the completion of this meeting, the City mailed the Proposition 218 notices – shown in the Proposition 218 Appendix – to the City’s customers which outlines the proposed changes in rates and the time, date, and location of the public hearing. The City Council held a public hearing on June 25, 2024, to discuss the publicly noticed and proposed wastewater rates. At the completion of the public hearing, the City Council accepted the wastewater rate study and projection of rates for the four-year period – FY 2025 through FY 2028 - as outlined in this report. On July 2, 2024, the City Council adopted the proposed rates for the wastewater utility for the four year period of FY 2025 through FY 2028.

4.7 Summary

The City’s present wastewater rate structures are contemporary in design and reflect industry standard rate structures, and those used by other similar utilities in California. Based on the City’s facilities, operational costs, and customer characteristics, the proposed wastewater rates appropriately reflect the cost to provide service and are proportional and cost-based to the City’s customers. Full and complete technical appendices of the development of the wastewater rate study update and the proposed rate adjustments can be found in the Technical Appendix of this report.



Wastewater Technical Appendix



**City of Santa Barbara
Wastewater Rate Study
10-Year Financial Plan**

	<i>Proposed</i>	<i>Projected</i>								
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Revenues										
Rate Revenues	\$27,410,315	\$27,446,904	\$27,483,676	\$27,520,632	\$27,557,773	\$27,595,100	\$27,632,613	\$27,670,314	\$27,708,203	\$27,746,282
Miscellaneous Revenues	951,955	1,056,173	952,618	886,627	777,578	695,732	705,695	703,288	724,518	727,777
Add'l Revenue with Rate Adj.	0	2,607,456	5,469,939	8,612,097	12,060,961	14,656,003	17,425,982	20,156,962	23,058,129	26,139,983
Total Revenues	\$28,362,270	\$31,110,533	\$33,906,233	\$37,019,356	\$40,396,312	\$42,946,835	\$45,764,290	\$48,530,563	\$51,490,850	\$54,614,042
Expenses										
Total Water Resources Management - 4711	\$4,349,449	\$5,028,356	\$5,537,638	\$6,119,980	\$6,788,172	\$7,026,670	\$7,273,586	\$7,529,221	\$7,793,881	\$8,067,889
Total Wastewater Collection - 4721	5,159,505	5,815,620	6,476,581	6,876,726	7,303,534	7,556,231	7,817,745	8,088,387	8,368,478	8,658,350
Total Wastewater Expenses - 4722	1,373,526	1,468,115	1,555,393	1,648,012	1,746,309	1,805,096	1,865,898	1,928,784	1,993,829	2,061,106
Total Wastewater Treatment - 4731	10,059,275	10,173,879	10,865,576	11,609,207	12,409,060	12,845,121	13,296,729	13,764,447	14,248,855	14,750,559
Total Water Resources Laboratory - 4741	1,319,052	1,418,762	1,509,972	1,607,399	1,711,498	1,771,244	1,833,092	1,897,117	1,963,395	2,032,007
Total Additional O&M	0	0	400,000	428,000	457,960	473,989	490,578	507,748	525,520	543,913
Total O&M Expenses	\$22,260,807	\$23,904,731	\$26,345,159	\$28,289,323	\$30,416,534	\$31,478,351	\$32,577,629	\$33,715,704	\$34,893,958	\$36,113,824
Rate Funded Capital	\$900,000	\$3,390,000	\$3,450,000	\$4,075,000	\$6,750,000	\$7,075,000	\$8,200,000	\$8,700,000	\$8,950,000	\$8,750,000
Net Debt Service	3,552,087	3,550,837	4,115,533	4,114,283	6,052,961	4,888,161	4,888,161	5,449,859	5,449,859	5,770,829
Reserve Funding	1,649,375	264,965	(4,459)	540,750	(2,823,183)	(494,677)	98,499	665,000	2,197,033	3,979,389
Total Revenue Requirement	\$28,362,270	\$31,110,533	\$33,906,233	\$37,019,356	\$40,396,312	\$42,946,835	\$45,764,290	\$48,530,563	\$51,490,850	\$54,614,042
Proposed Rate Adjustment	0.0%	9.5%	9.5%	9.5%	9.5%	6.5%	6.5%	6.0%	6.0%	6.0%
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Reserve Balance (Not include. Debt/Rate)	\$14,030,677	\$14,019,370	\$13,107,783	\$14,304,077	\$12,565,488	\$13,319,378	\$14,599,691	\$13,399,216	\$16,919,163	\$16,577,591
<i>Council Policy Requirement</i>	<i>\$10,986,658</i>	<i>\$11,285,353</i>	<i>\$12,886,960</i>	<i>\$13,415,808</i>	<i>\$13,905,329</i>	<i>\$14,219,076</i>	<i>\$14,551,413</i>	<i>\$14,929,031</i>	<i>\$15,639,009</i>	<i>\$16,045,125</i>

City of Santa Barbara
Wastewater Rate Study
Escalation Factors
Exhibit 2

	<i>Proposed</i>	<i>Projected</i>									<i>Notes</i>
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
Revenues											
Customer Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>SF Cust Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>MF Cust Growth</i>	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
<i>Com Cust Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Ind Cust Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>HS Cust Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Volume Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>SF Vol Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>MF Vol Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Com Vol Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Ind Vol Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>HS Vol Growth</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Misc. Revenues	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Salaries	Budget	5.5%	7.0%	7.0%	7.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Benefits	Budget	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Benefits - Workers Comp	Budget	15.0%	15.0%	15.0%	15.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Benefits - Medical	Budget	23.5%	7.0%	7.0%	7.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Benefits - Retirement	Budget	23.5%	7.0%	7.0%	7.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Materials & Supplies	Budget	3.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Miscellaneous	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Utilities	Budget	10.0%	10.0%	10.0%	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Flat	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CIP	Budget	5.0%	4.0%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Liability Insurance	Budget	20.0%	15.0%	15.0%	15.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Property Insurance	Budget	20.0%	20.0%	20.0%	20.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Allocated Costs	Budget	18.0%	5.0%	5.0%	5.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
General Expenses	Budget	3.5%	6.0%	6.0%	6.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Interest	Budget	5.0%	4.0%	3.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
New Debt Service											
<i>Low Interest Loans</i>											
Term in Years	20	20	20	20	20	20	20	20	20	20	20
Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Revenue Bond</i>											
Term in Years	20	20	20	20	20	20	20	20	20	20	20
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	<i>Proposed</i>				<i>Projected</i>						<i>Notes</i>
	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	<i>FY 2033</i>	
Revenues											
<i>Rate Revenues</i>											
Single Family	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	See Exhibits 6 & 7
Multi-Family	11,856,559	11,893,149	11,929,921	11,966,877	12,004,018	12,041,344	12,078,858	12,116,558	12,154,448	12,192,527	See Exhibits 6 & 7
Commercial	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	See Exhibits 6 & 7
Commercial (Discount)	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614	See Exhibits 6 & 7
Industrial	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076	See Exhibits 6 & 7
Com - High Strength	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	See Exhibits 6 & 8
High Strength Surcharge	67,899	67,899	67,899	67,899	67,899	67,899	67,899	67,899	67,899	67,899	As Flat
Total Rate Revenues	\$27,410,315	\$27,446,904	\$27,483,676	\$27,520,632	\$27,557,773	\$27,595,100	\$27,632,613	\$27,670,314	\$27,708,203	\$27,746,282	
<i>Other Revenues</i>											
Rents and Leases	\$61,072	\$61,377	\$61,684	\$61,993	\$62,303	\$62,614	\$62,927	\$63,242	\$63,558	\$63,876	As Misc. Revenues
Water Exams - Other Depts.	5,700	5,729	5,757	5,786	5,815	5,844	5,873	5,903	5,932	5,962	As Misc. Revenues
Pretreatment Analysis	49,453	49,700	49,949	50,199	50,450	50,702	50,955	51,210	51,466	51,723	As Misc. Revenues
FOG Disposal Fees	36,050	36,230	36,411	36,593	36,776	36,960	37,145	37,331	37,517	37,705	As Misc. Revenues
Misc. Revenue - Noc	5,000	5,025	5,050	5,075	5,101	5,126	5,152	5,178	5,204	5,230	As Misc. Revenues
Interest	364,500	465,781	359,274	290,316	178,285	93,443	100,394	94,961	113,150	113,352	Calculated
Sewer Tap Fees	430,180	432,331	434,493	436,665	438,848	441,043	443,248	445,464	447,691	449,930	As Misc. Revenues
CAP Funding	0	0	0	0	0	0	0	0	0	0	As Misc. Revenues
Total Other Revenues	\$951,955	\$1,056,173	\$952,618	\$886,627	\$777,578	\$695,732	\$705,695	\$703,288	\$724,518	\$727,777	
Total Revenues	\$28,362,270	\$28,503,077	\$28,436,294	\$28,407,259	\$28,335,351	\$28,290,832	\$28,338,308	\$28,373,602	\$28,432,721	\$28,474,059	

	Proposed				Projected					Notes	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		FY 2033
Water Resources Management - 4711											
Salaries-Permanent	\$505,607	\$533,415	\$570,754	\$610,707	\$653,457	\$676,328	\$699,999	\$724,499	\$749,857	\$776,102	As Salaries
Salaries-Hourly	75,000	79,125	84,664	90,590	96,932	100,324	103,835	107,470	111,231	115,124	As Salaries
Salaries-Overtime	1,500	1,583	1,693	1,812	1,939	2,006	2,077	2,149	2,225	2,302	As Salaries
Salaries-OT CompTime Cashout	2,000	2,110	2,258	2,416	2,585	2,675	2,769	2,866	2,966	3,070	As Salaries
Alloc-Vacation Cashout	4,896	5,165	5,527	5,914	6,328	6,549	6,778	7,016	7,261	7,515	As Salaries
Alloc-Sick Leave Cashout	8,035	8,477	9,070	9,705	10,385	10,748	11,124	11,514	11,917	12,334	As Salaries
Benefits - Grp. Insurance	72,846	89,965	96,262	103,001	110,211	115,170	120,353	125,769	131,428	137,343	As Benefits - Medical
Benefits - Retirement	56,122	69,311	74,162	79,354	84,909	88,305	91,837	95,511	99,331	103,304	As Benefits - Retirement
Benefits - Retirement UAL	114,513	141,424	151,323	161,916	173,250	180,180	187,387	194,883	202,678	210,785	As Benefits - Retirement
Benefits - Workers Comp	24,028	27,632	31,777	36,544	42,025	43,496	45,018	46,594	48,225	49,913	As Benefits - Workers Comp
Medicare	7,331	9,054	9,688	10,366	11,091	11,590	12,112	12,657	13,227	13,822	As Benefits - Medical
Hourly Ee Retirement	975	1,204	1,288	1,379	1,475	1,534	1,595	1,659	1,726	1,795	As Benefits - Retirement
Hourly Health Care Reimburse	600	741	793	848	908	949	991	1,036	1,083	1,131	As Benefits - Medical
Alloc - Retiree Medical	2,198	2,715	2,905	3,108	3,325	3,475	3,631	3,795	3,966	4,144	As Benefits - Medical
Network / Infrastructure	17,438	20,577	21,606	22,686	23,820	24,654	25,517	26,410	27,334	28,291	As Allocated Costs
GIS Support	148,766	175,544	184,321	193,537	203,214	210,326	217,688	225,307	233,193	241,354	As Allocated Costs
Enterprise Applic Sys	103,272	121,861	127,954	134,352	141,069	146,007	151,117	156,406	161,880	167,546	As Allocated Costs
Building Maintenance	1,376	1,624	1,705	1,790	1,880	1,945	2,013	2,084	2,157	2,232	As Allocated Costs
Generator Replacements	802	946	994	1,043	1,096	1,134	1,174	1,215	1,257	1,301	As Allocated Costs
Alternative Transportation	374	441	463	487	511	529	547	566	586	607	As Allocated Costs
Telephone Allocated	1,757	2,073	2,177	2,286	2,400	2,484	2,571	2,661	2,754	2,851	As Allocated Costs
Custodial	155,558	183,558	192,736	202,373	212,492	219,929	227,627	235,594	243,839	252,374	As Allocated Costs
Communications	6,611	7,801	8,191	8,601	9,031	9,347	9,674	10,012	10,363	10,726	As Allocated Costs
Energy Conservation	4,893	0	0	0	0	0	0	0	0	0	As Allocated Costs
Utilities Allocated	1,743	2,057	2,160	2,268	2,381	2,464	2,551	2,640	2,732	2,828	As Allocated Costs
Liability Insurance	151,356	181,627	208,871	240,202	276,232	285,900	295,907	306,264	316,983	328,077	As Liability Insurance
Property Insurance	1,186,063	1,423,276	1,707,931	2,049,517	2,459,420	2,545,500	2,634,592	2,726,803	2,822,241	2,921,020	As Property Insurance
Overhead Allocation	1,220,023	1,439,627	1,511,608	1,587,189	1,666,548	1,724,878	1,785,248	1,847,732	1,912,403	1,979,337	As Allocated Costs
Office Supplies & Expense	105	108	114	119	125	129	133	137	141	145	As Materials & Supplies
Special Supplies and Expense	9,000	9,270	9,734	10,220	10,731	11,053	11,385	11,726	12,078	12,440	As Materials & Supplies
Profess. Services - Contract	140,209	147,920	158,275	169,354	181,209	187,551	194,116	200,910	207,941	215,219	As Salaries
Legal Services	35,000	36,925	39,510	42,275	45,235	46,818	48,457	50,153	51,908	53,725	As Salaries
Engineering Service	151,181	159,496	170,661	182,607	195,389	202,228	209,306	216,632	224,214	232,061	As Salaries
Meeting & Travel	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963	As Miscellaneous
Pool Car Maintenance	110	114	119	124	129	134	139	145	151	157	As Equipment
Pool Car Replacement	1,225	1,274	1,325	1,378	1,433	1,490	1,550	1,612	1,676	1,744	As Equipment
Dues Memberships & License	45,000	46,350	48,668	51,101	53,656	55,266	56,924	58,631	60,390	62,202	As Materials & Supplies
Training	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	As Miscellaneous
Printing & Binding	200	206	216	227	238	246	253	261	268	276	As Materials & Supplies
Postage / Delivery	100	103	108	114	119	123	126	130	134	138	As Materials & Supplies
Telephone	500	550	605	666	732	761	792	823	856	891	As Utilities
Pooled Vehicle Conv Fuel	100	106	113	121	129	134	138	143	148	153	As Salaries
LAFCO	10,000	10,300	10,815	11,356	11,924	12,281	12,650	13,029	13,420	13,823	As Materials & Supplies
GASB 45 Actuarial Study	2,000	2,060	2,163	2,271	2,385	2,456	2,530	2,606	2,684	2,765	As Materials & Supplies
Computer Hardware Under \$25000	1,000	1,030	1,082	1,136	1,192	1,228	1,265	1,303	1,342	1,382	As Materials & Supplies
Comp Software Under \$25000	1,500	1,545	1,622	1,703	1,789	1,842	1,897	1,954	2,013	2,073	As Materials & Supplies
El Estero Fats Oil Greas (FOG)	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Approp. Reserve (customer assistance program?)	0	0	0	0	0	0	0	0	0	0	As General Expenses
Fiscal Agent Charges	1,600	1,632	1,665	1,698	1,732	1,767	1,802	1,838	1,875	1,912	As Miscellaneous
Arbitrage Cost Calculation	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	As Miscellaneous
Special Projects	59,936	61,135	62,357	63,605	64,877	66,174	67,498	68,848	70,225	71,629	As Miscellaneous
Total Water Resources Management - 4711	\$4,349,449	\$5,028,356	\$5,537,638	\$6,119,980	\$6,788,172	\$7,026,670	\$7,273,586	\$7,529,221	\$7,793,881	\$8,067,889	

	<i>Proposed</i>		<i>Projected</i>							<i>Notes</i>	
	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>		<i>FY 2033</i>
Wastewater Collection - 4721											
Salaries - Permanent	\$1,684,505	\$1,777,153	\$1,901,553	\$2,034,662	\$2,177,089	\$2,253,287	\$2,332,152	\$2,413,777	\$2,498,259	\$2,585,698	As Salaries
Salaries - Hourly	60,000	63,300	67,731	72,472	77,545	80,259	83,068	85,976	88,985	92,099	As Salaries
Salaries - Overtime	43,191	45,567	48,756	52,169	55,821	57,775	59,797	61,890	64,056	66,298	As Salaries
Salaries - Vacation Cashout	20,000	20,600	21,630	22,712	23,847	24,562	25,299	26,058	26,840	27,645	As Materials & Supplies
Salaries - OT CompTime Cashout	39,238	40,415	42,436	44,558	46,786	48,189	49,635	51,124	52,658	54,237	As Materials & Supplies
Alloc - Vacation Cashout	16,755	17,341	17,948	18,577	19,227	19,900	20,596	21,317	22,063	22,835	As Benefits
Alloc - Sick Leave Cashout	27,496	28,458	29,454	30,485	31,552	32,657	33,800	34,983	36,207	37,474	As Benefits
Benefits - Grp. Insurance	269,416	278,846	288,605	298,706	309,161	319,982	331,181	342,772	354,769	367,186	As Benefits
Benefits - Retirement	186,980	230,920	247,085	264,381	282,887	294,203	305,971	318,210	330,938	344,176	As Benefits - Retirement
Benefits - Retirement UAL	378,732	467,734	500,475	535,509	572,994	595,914	619,751	644,541	670,322	697,135	As Benefits - Retirement
Benefits - Workers Comp	82,356	94,709	108,916	125,253	144,041	149,083	154,300	159,701	165,291	171,076	As Benefits - Workers Comp
Unemployment Insurance	7,838	8,112	8,396	8,690	8,994	9,309	9,635	9,972	10,321	10,682	As Benefits
Medicare	24,425	30,165	32,276	34,536	36,953	38,616	40,354	42,170	44,067	46,050	As Benefits - Medical
Hourly Ee Retirement	780	963	1,031	1,103	1,180	1,227	1,276	1,327	1,381	1,436	As Benefits - Retirement
Hourly Health Care Reimburse	200	247	264	283	303	316	330	345	361	377	As Benefits - Medical
Alloc - Retiree Medical	7,522	9,290	9,940	10,636	11,380	11,835	12,309	12,801	13,313	13,846	As Benefits - Retirement
Network / Infrastructure	68,623	80,975	85,024	89,275	93,739	97,020	100,415	103,930	107,567	111,332	As Allocated Costs
GIS Support	12,446	14,686	15,421	16,192	17,001	17,596	18,212	18,850	19,509	20,192	As Allocated Costs
Enterprise Applic Sys	77,583	91,548	96,125	100,932	105,978	109,687	113,526	117,500	121,612	125,869	As Allocated Costs
Vehicle Replacement	242,091	285,667	599,901	629,897	661,391	684,540	708,499	733,296	758,962	785,526	As Allocated Costs
Vehicle Maintenance	232,365	274,191	287,900	302,295	317,410	328,519	340,018	351,918	364,235	376,984	As Allocated Costs
Alternative Transportation	7,522	8,876	9,320	9,786	10,275	10,635	11,007	11,392	11,791	12,204	As Allocated Costs
Office Supplies & Expense	5,000	5,150	5,408	5,678	5,962	6,141	6,325	6,515	6,710	6,911	As Materials & Supplies
Janitorial & Hshld Supplies	500	515	541	568	596	614	632	651	671	691	As Materials & Supplies
Uniform Allow & Mntnc	10,290	10,599	11,129	11,685	12,269	12,637	13,017	13,407	13,809	14,224	As Materials & Supplies
Safety Shoes	6,300	6,489	6,813	7,154	7,512	7,737	7,969	8,208	8,455	8,708	As Materials & Supplies
Minor Tools	3,000	3,120	3,245	3,375	3,510	3,650	3,796	3,948	4,106	4,270	As Equipment
Special Supplies and Expense	92,800	95,584	100,363	105,381	110,650	113,970	117,389	120,911	124,538	128,274	As Materials & Supplies
Motor Veh Expenses	30,000	30,900	32,445	34,067	35,771	36,844	37,949	39,088	40,260	41,468	As Materials & Supplies
Facilities Maint.	363,480	374,384	393,104	412,759	433,397	446,399	459,791	473,584	487,792	502,426	As Materials & Supplies
Equipment Repair	50,000	51,500	54,075	56,779	59,618	61,406	63,248	65,146	67,100	69,113	As Materials & Supplies
Profess. Services-Contract	124,200	131,031	140,203	150,017	160,519	166,137	171,952	177,970	184,199	190,646	As Salaries
Engineering Services	102,475	108,111	115,679	123,776	132,441	137,076	141,874	146,839	151,979	157,298	As Salaries
Non-Contractual Services	64,538	66,797	70,805	75,053	79,556	82,341	85,222	88,205	91,292	94,488	As General Expenses
Meeting & Travel	8,000	8,240	8,652	9,085	9,539	9,825	10,120	10,423	10,736	11,058	As Materials & Supplies
Pool Car Maintenance	125	130	135	141	146	152	158	164	171	178	As Equipment
Pool Car Replacement	170	177	184	191	199	207	215	224	233	242	As Equipment
Dues Memberships & License	9,500	9,785	10,274	10,788	11,327	11,667	12,017	12,378	12,749	13,132	As Materials & Supplies
Training	25,135	25,889	27,184	28,543	29,970	30,869	31,795	32,749	33,731	34,743	As Materials & Supplies
Regulatory Permits and Fees	19,438	20,021	21,022	22,073	23,177	23,872	24,588	25,326	26,086	26,868	As Materials & Supplies
Advertising	1,000	1,030	1,082	1,136	1,192	1,228	1,265	1,303	1,342	1,382	As Materials & Supplies
Printing & Binding	1,500	1,545	1,622	1,703	1,789	1,842	1,897	1,954	2,013	2,073	As Materials & Supplies
Postage / Delivery	1,800	1,854	1,947	2,044	2,146	2,211	2,277	2,345	2,416	2,488	As Materials & Supplies
Water	31,500	34,650	38,115	41,927	46,119	47,964	49,882	51,878	53,953	56,111	As Utilities
Telephone	22,680	24,948	27,443	30,187	33,206	34,534	35,915	37,352	38,846	40,400	As Utilities
Waste Disposal	1,500	1,650	1,815	1,997	2,196	2,284	2,375	2,470	2,569	2,672	As Utilities
Vehicle Fuel	89,250	98,175	107,993	118,792	130,671	135,898	141,334	146,987	152,867	158,981	As Utilities
Pooled Vehicle Fuel	200	220	242	266	293	305	317	329	343	356	As Utilities
Equipment Rental	15,000	15,600	16,224	16,873	17,548	18,250	18,980	19,739	20,529	21,350	As Equipment
Special Projects	500,000	725,000	761,250	799,313	839,278	864,456	890,390	917,102	944,615	972,953	As Materials & Supplies
Computer Hardware Under \$25000	15,000	15,450	16,223	17,034	17,885	18,422	18,975	19,544	20,130	20,734	As Materials & Supplies
Comp Software Under \$25000	30,450	31,364	32,932	34,578	36,307	37,396	38,518	39,674	40,864	42,090	As Materials & Supplies
Comp Software Over \$25000	30,398	31,310	32,875	34,519	36,245	37,333	38,453	39,606	40,794	42,018	As Materials & Supplies
Communications	14,212	14,638	15,370	16,139	16,946	17,454	17,978	18,517	19,073	19,645	As Materials & Supplies
Total Wastewater Collection - 4721	\$5,159,505	\$5,815,620	\$6,476,581	\$6,876,726	\$7,303,534	\$7,556,231	\$7,817,745	\$8,088,387	\$8,368,478	\$8,658,350	

	Proposed	Projected									Notes	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033		
Wastewater Treatment - 4731												
Salaries - Permanent	\$2,537,079	\$2,676,618	\$2,863,982	\$3,064,460	\$3,278,973	\$3,393,737	\$3,512,517	\$3,635,455	\$3,762,696	\$3,894,391	As Salaries	
Salaries - Overtime	27,643	29,163	31,205	33,389	35,726	36,977	38,271	39,610	40,997	42,432	As Salaries	
Salaries - Vacation Cashout	20,000	20,800	21,632	22,497	23,397	24,333	25,306	26,319	27,371	28,466	As Equipment	
Salaries - OT CompTime Cashout	80,000	83,200	86,528	89,989	93,589	97,332	101,226	105,275	109,486	113,865	As Equipment	
Sick Leave Cashout	0	0	0	0	0	0	0	0	0	0	As Equipment	
Alloc - Vacation Cashout	25,643	26,541	27,469	28,431	29,426	30,456	31,522	32,625	33,767	34,949	As Benefits	
Alloc - Sick Leave Cashout	42,085	43,558	45,083	46,660	48,294	49,984	51,733	53,544	55,418	57,358	As Benefits	
Retiree Medical	0	0	0	0	0	0	0	0	0	0	As Benefits	
Benefits - Grp. Insurance	346,158	358,274	370,813	383,792	397,224	411,127	425,517	440,410	455,824	471,778	As Benefits	
Benefits - Retirement	281,616	347,796	372,141	398,191	426,065	443,107	460,832	479,265	498,436	518,373	As Benefits - Retirement	
Benefits - Retirement UAL	576,226	711,639	761,454	814,756	871,789	906,660	942,926	980,644	1,019,869	1,060,664	As Benefits - Retirement	
Benefits - Workers Comp / Unemp.	126,686	145,689	167,542	192,674	221,575	229,330	237,356	245,664	254,262	263,161	As Benefits - Workers Comp	
Unemployment Insurance	4,882	5,053	5,230	5,413	5,602	5,798	6,001	6,211	6,429	6,654	As Benefits	
Medicare	36,788	45,433	48,614	52,016	55,658	58,162	60,779	63,515	66,373	69,359	As Benefits - Medical	
Alloc - Retiree Medical	11,513	14,219	15,214	16,279	17,418	18,202	19,021	19,877	20,772	21,706	As Benefits - Medical	
Network / Infrastructure	104,433	123,231	129,392	135,862	142,655	147,648	152,816	158,164	163,700	169,430	As Allocated Costs	
GIS Support	7,084	8,359	8,777	9,216	9,677	10,015	10,366	10,729	11,104	11,493	As Allocated Costs	
Enterprise Applic Sys	22,764	26,862	28,205	29,615	31,096	32,184	33,310	34,476	35,683	36,932	As Allocated Costs	
Vehicle Replacement	56,761	66,973	70,327	73,843	77,535	80,249	83,058	85,965	88,974	92,088	As Allocated Costs	
Vehicle Maintenance	61,274	72,303	75,918	79,714	83,700	86,630	89,662	92,800	96,048	99,409	As Allocated Costs	
Alternative Transportation	5,165	6,095	6,399	6,719	7,055	7,302	7,558	7,822	8,096	8,380	As Allocated Costs	
Telephone Allocated	4,917	5,802	6,092	6,397	6,717	6,952	7,195	7,447	7,707	7,977	As Allocated Costs	
Custodial	0	0	0	0	0	0	0	0	0	0	As Allocated Costs	
Communications	18,497	21,826	22,918	24,064	25,267	26,151	27,066	28,014	28,994	30,009	As Allocated Costs	
Energy Conservation	138,591	0	0	0	0	0	0	0	0	0	As Allocated Costs	
Office Supplies & Expense	7,500	7,725	8,111	8,517	8,943	9,211	9,487	9,772	10,065	10,367	As Materials & Supplies	
Chemical and Landscape Supplies	1,289,674	1,328,364	1,394,782	1,464,522	1,537,748	1,583,880	1,631,396	1,680,338	1,730,749	1,782,671	As Materials & Supplies	
Uniform Allow & Mntnc	20,000	20,600	21,630	22,712	23,847	24,562	25,299	26,058	26,840	27,645	As Materials & Supplies	
Safety Shoes	8,250	8,498	8,922	9,368	9,837	10,132	10,436	10,749	11,072	11,404	As Materials & Supplies	
Minor Tools	15,000	15,450	16,223	17,034	17,885	18,422	18,975	19,544	20,130	20,734	As Materials & Supplies	
Bank Fees	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853	As Miscellaneous	
Bank Transport Fees	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	As Miscellaneous	
Special Supplies and Expense	86,999	89,609	94,089	98,974	103,734	106,846	110,051	113,352	116,753	120,256	As Materials & Supplies	
Credit Card Fees	85,912	87,630	89,383	91,171	92,994	94,854	96,751	98,686	100,660	102,673	As Miscellaneous	
Facilities Maint.	404,404	416,536	437,363	459,231	482,193	496,658	511,558	526,905	542,712	558,993	As Materials & Supplies	
Staff In-House	5,000	5,150	5,408	5,678	5,962	6,141	6,325	6,515	6,710	6,911	As Materials & Supplies	
Equipment Repair	628,106	646,949	679,297	713,261	748,925	771,392	794,534	818,370	842,921	868,209	As Materials & Supplies	
Profess. Services - Contract	139,552	147,227	157,533	168,561	180,360	186,672	193,206	199,968	206,967	214,211	As Salaries	
Engineering Services	190,000	200,450	214,482	229,495	245,560	254,154	263,050	272,257	281,786	291,648	As Salaries	
Non-Contractual Services	1,500	1,583	1,693	1,812	1,939	2,006	2,077	2,149	2,225	2,302	As Salaries	
Meeting & Travel	7,500	7,725	8,111	8,517	8,943	9,211	9,487	9,772	10,065	10,367	As Materials & Supplies	
Pool Car Maintenance	1,000	1,030	1,082	1,136	1,192	1,228	1,265	1,303	1,342	1,382	As Materials & Supplies	
Pool Car Replacement	5,000	5,150	5,408	5,678	5,962	6,141	6,325	6,515	6,710	6,911	As Materials & Supplies	
Dues Memberships & License	7,500	7,725	8,111	8,517	8,943	9,211	9,487	9,772	10,065	10,367	As Materials & Supplies	
Publications	500	515	541	568	596	614	632	651	671	691	As Materials & Supplies	
Training	8,785	9,049	9,501	9,976	10,475	10,789	11,113	11,446	11,790	12,143	As Materials & Supplies	
Regulatory Permits and Fees	110,000	113,300	118,965	124,913	131,159	135,094	139,146	143,321	147,621	152,049	As Materials & Supplies	
Postage / Delivery	600	618	649	681	715	737	759	782	805	829	As Materials & Supplies	
Gas	25,000	27,500	30,250	33,275	36,603	38,075	39,589	41,173	42,820	44,533	As Utilities	
Electric	1,020,604	1,122,664	1,234,931	1,358,424	1,494,266	1,554,037	1,616,198	1,680,846	1,748,080	1,818,003	As Utilities	
Water	44,100	48,510	53,361	58,697	64,567	67,149	69,835	72,629	75,534	78,555	As Utilities	
Telephone	16,500	18,150	19,965	21,962	24,158	25,124	26,129	27,174	28,261	29,391	As Utilities	
Waste Disposal	1,013,450	705,600	776,160	853,776	939,154	976,720	1,015,789	1,056,420	1,098,677	1,142,624	As Utilities	
Vehicle Fuel	11,550	12,705	13,976	15,373	16,910	17,587	18,290	19,022	19,783	20,574	As Utilities	
Pooled Vehicle Fuel	0	0	0	0	0	0	0	0	0	0	As Utilities	
Equipment Rental	10,000	10,400	10,816	11,249	11,699	12,167	12,653	13,159	13,686	14,233	As Equipment	
Special Projects	244,408	150,000	157,500	165,375	173,644	178,853	184,219	189,745	195,438	201,301	As Materials & Supplies	
Computer Hardware Under \$25000	16,476	16,970	17,819	18,710	19,645	20,235	20,842	21,467	22,111	22,774	As Materials & Supplies	
Comp Software Under \$25000	12,600	12,978	13,627	14,308	15,024	15,474	15,939	16,417	16,909	17,417	As Materials & Supplies	
Office	5,000	5,150	5,408	5,678	5,962	6,141	6,325	6,515	6,710	6,911	As Materials & Supplies	
Comp Software Over \$25000	30,000	30,900	32,445	34,067	35,771	36,844	37,949	39,088	40,260	41,468	As Materials & Supplies	
Printing & Binding	1,000	1,030	1,082	1,136	1,192	1,228	1,265	1,303	1,342	1,382	As Materials & Supplies	
Total Wastewater Treatment - 4731	\$10,059,275	\$10,173,879	\$10,865,576	\$11,609,207	\$12,409,060	\$12,845,121	\$13,296,729	\$13,764,447	\$14,248,855	\$14,750,559		

	<i>Proposed</i>		<i>Projected</i>							<i>Notes</i>	
	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>		<i>FY 2033</i>
Water Resources Laboratory - 4741											
Salaries - Permanent	\$467,143	\$492,836	\$527,334	\$564,248	\$603,745	\$624,876	\$646,747	\$669,383	\$692,811	\$717,060	As Salaries
Salaries - Hourly	30,000	31,650	33,866	36,236	38,773	40,130	41,534	42,988	44,492	46,050	As Salaries
Salaries - Overtime	3,150	3,323	3,556	3,805	4,071	4,214	4,361	4,514	4,672	4,835	As Salaries
Salaries - Vacation Cashout	1,000	1,055	1,129	1,208	1,292	1,338	1,384	1,433	1,483	1,535	As Salaries
Salaries-OT CompTime Cashout	6,300	6,647	7,112	7,610	8,142	8,427	8,722	9,027	9,343	9,670	As Salaries
Alloc - Vacation Cashout	3,997	4,137	4,282	4,432	4,587	4,747	4,913	5,085	5,263	5,448	As Benefits
Alloc - Sick Leave Cashout	6,561	6,791	7,028	7,274	7,529	7,792	8,065	8,347	8,640	8,942	As Benefits
Benefits - Grp. Insurance	68,637	71,039	73,526	76,099	78,763	81,519	84,372	87,325	90,382	93,545	As Benefits
Benefits - Retirement	51,853	64,038	68,521	73,318	78,450	81,588	84,851	88,245	91,775	95,446	As Benefits - Retirement
Benefits - Retirement UAL	104,618	129,203	138,247	147,925	158,280	164,611	171,195	178,043	185,165	192,571	As Benefits - Retirement
Benefits - Workers Comp / Unemp.	19,556	22,489	25,863	29,742	34,204	35,401	36,640	37,922	39,249	40,623	As Benefits - Workers Comp
Medicare	6,774	8,366	8,952	9,578	10,249	10,710	11,192	11,695	12,222	12,772	As Benefits - Medical
Hourly Ee Retirement	390	482	515	551	590	614	638	664	690	718	As Benefits - Retirement
Hourly Health Care Reimburse	100	124	132	141	151	158	165	173	180	189	As Benefits - Medical
Alloc - Retiree Medical	1,795	2,217	2,372	2,538	2,716	2,838	2,966	3,099	3,239	3,384	As Benefits - Medical
Network / Infrastructure	15,148	17,875	18,768	19,707	20,692	21,416	22,166	22,942	23,745	24,576	As Allocated Costs
GIS Support	705	832	873	917	963	997	1,032	1,068	1,105	1,144	As Allocated Costs
Enterprise Applic Sys	3,890	4,590	4,820	5,061	5,314	5,500	5,692	5,891	6,098	6,311	As Allocated Costs
Vehicle Replacement	11,000	12,980	13,629	14,310	15,026	15,552	16,096	16,660	17,243	17,846	As Allocated Costs
Vehicle Maintenance	2,113	2,493	2,618	2,749	2,886	2,987	3,092	3,200	3,312	3,428	As Allocated Costs
Alternative Transportation	200	236	248	260	273	283	293	303	314	324	As Allocated Costs
Custodial	0	0	0	0	0	0	0	0	0	0	As Allocated Costs
Office Supplies & Expense	2,000	2,060	2,163	2,271	2,385	2,456	2,530	2,606	2,684	2,765	As Materials & Supplies
Chemical and Lndscape Supplies	2,500	2,575	2,704	2,839	2,981	3,070	3,162	3,257	3,355	3,456	As Materials & Supplies
Uniform Allow & Mntnc	2,000	2,060	2,163	2,271	2,385	2,456	2,530	2,606	2,684	2,765	As Materials & Supplies
Safety Shoes	1,260	1,298	1,363	1,431	1,502	1,547	1,594	1,642	1,691	1,742	As Materials & Supplies
Special Supplies and Expense	78,685	81,046	85,098	89,353	93,820	96,635	99,534	102,520	105,596	108,764	As Materials & Supplies
Equipment Repair	20,155	20,760	21,798	22,888	24,032	24,753	25,495	26,260	27,048	27,860	As Materials & Supplies
Profess. Services - Contract	197,212	208,059	222,623	238,206	254,881	263,802	273,035	282,591	292,482	302,718	As Salaries
Non-Contractual Services	15,000	15,825	16,933	18,118	19,386	20,065	20,767	21,494	22,246	23,025	As Salaries
COVID-19	7,500	7,725	8,111	8,517	8,943	9,211	9,487	9,772	10,065	10,367	As Materials & Supplies
Meeting & Travel	4,000	4,160	4,326	4,499	4,679	4,867	5,061	5,264	5,474	5,693	As Equipment
Dues Memberships & License	2,500	2,600	2,704	2,812	2,925	3,042	3,163	3,290	3,421	3,558	As Equipment
Publications	500	520	541	562	585	608	633	658	684	712	As Equipment
Training	4,000	4,160	4,326	4,499	4,679	4,867	5,061	5,264	5,474	5,693	As Equipment
Regulatory Permits and Fees	7,000	7,280	7,571	7,874	8,189	8,517	8,857	9,212	9,580	9,963	As Equipment
Printing & Binding	150	156	162	169	175	182	190	197	205	213	As Equipment
Postage / Delivery	5,000	5,200	5,408	5,624	5,849	6,083	6,327	6,580	6,843	7,117	As Equipment
Telephone	1,000	1,100	1,210	1,331	1,464	1,523	1,584	1,647	1,713	1,781	As Utilities
Telephone Allocated	951	1,046	1,151	1,266	1,392	1,448	1,506	1,566	1,629	1,694	As Utilities
Waste Disposal	1,000	1,100	1,210	1,331	1,464	1,523	1,584	1,647	1,713	1,781	As Utilities
Vehicle Fuel	1,000	1,100	1,210	1,331	1,464	1,523	1,584	1,647	1,713	1,781	As Utilities
Equipment Under \$25000	30,149	31,053	32,606	34,236	35,948	37,027	38,138	39,282	40,460	41,674	As Materials & Supplies
Computer Hardware Under \$25000	5,000	5,150	5,408	5,678	5,962	6,141	6,325	6,515	6,710	6,911	As Materials & Supplies
Comp Software Under \$25000	42,000	43,260	45,423	47,694	50,079	51,581	53,129	54,723	56,364	58,055	As Materials & Supplies
Equipment Over \$25000	79,983	82,382	86,502	90,827	95,368	98,229	101,176	104,211	107,338	110,558	As Materials & Supplies
Communications	3,577	3,684	3,869	4,062	4,265	4,393	4,525	4,661	4,800	4,944	As Materials & Supplies
Total Water Resources Laboratory - 4741	\$1,319,052	\$1,418,762	\$1,509,972	\$1,607,399	\$1,711,498	\$1,771,244	\$1,833,092	\$1,897,117	\$1,963,395	\$2,032,007	
Additional O&M											
Additional FTEs	\$0	\$0	\$400,000	\$428,000	\$457,960	\$473,989	\$490,578	\$507,748	\$525,520	\$543,913	As Salaries
Customer Assistance Program	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Salary Savings	0	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	As Flat
Unfunded Liability		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Total Additional O&M	\$0	\$0	\$400,000	\$428,000	\$457,960	\$473,989	\$490,578	\$507,748	\$525,520	\$543,913	
Total O&M Expenses	\$22,260,807	\$23,904,731	\$26,345,159	\$28,289,323	\$30,416,534	\$31,478,351	\$32,577,629	\$33,715,704	\$34,893,958	\$36,113,824	

	<i>Proposed</i>		<i>Projected</i>								<i>Notes</i>	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033		
Rate Funded Capital	\$900,000	\$3,390,000	\$3,450,000	\$4,075,000	\$6,750,000	\$7,075,000	\$8,200,000	\$8,700,000	\$8,950,000	\$8,750,000	\$5,295,858	FY 2022 Dep. Exp.
Debt Service												
2004/16 Revenue Bond	\$1,158,800	\$1,157,550	\$1,164,050	\$1,162,800	\$1,164,800	\$0	\$0	\$0	\$0	\$0	\$0	Debt Schedule
CWSRF Loan - FOG	98,161	98,161	98,161	98,161	98,161	98,161	98,161	98,161	98,161	98,161	98,161	Debt Schedule
CWSRF Loan - Headworks	341,981	341,981	341,981	341,981	341,981	341,981	341,981	341,981	341,981	341,981	341,981	Debt Schedule
FY 2021 Aeration Loan	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	1,953,145	Debt Schedule
FY 2024 Braemar SRF	0	0	558,195	558,195	558,195	558,195	558,195	558,195	558,195	558,195	558,195	Debt Schedule
FY 2024 El Estero Electrical SRF	0	0	0	0	1,936,678	1,936,678	1,936,678	1,936,678	1,936,678	1,936,678	1,936,678	Debt Schedule
Assumed Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	Calc'd @ 3% for 20 yrs
Assumed Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	Calc'd @ 5% for 20 yrs
Additional Long-Term Debt	(0)	(0)	(0)	0	0	0	0	561,698	561,698	882,668	882,668	Calc'd @ 5% for 20 yrs
<i>Total Debt Service</i>	<i>\$3,552,087</i>	<i>\$3,550,837</i>	<i>\$4,115,533</i>	<i>\$4,114,283</i>	<i>\$6,052,961</i>	<i>\$4,888,161</i>	<i>\$4,888,161</i>	<i>\$5,449,859</i>	<i>\$5,449,859</i>	<i>\$5,770,829</i>		
<i>LESS: Other Funding</i>												
<i>Connection Fees</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	
Net Debt Service	\$3,552,087	\$3,550,837	\$4,115,533	\$4,114,283	\$6,052,961	\$4,888,161	\$4,888,161	\$5,449,859	\$5,449,859	\$5,770,829		
Reserve Funding												
To / (From) Operating Reserve	\$569,174	\$264,965	(\$4,459)	\$540,750	(\$2,823,183)	(\$494,677)	\$98,499	\$390,000	\$687,033	\$1,269,389		
To / (From) Capital Fund	0	0	0	0	0	0	0	275,000	1,250,000	2,450,000		
To / (From) Disaster Reserves (15% of O&M)	648,121	0	0	0	0	0	0	0	0	0		
To / (From) Contingency Reserves (10% of O&M)	432,080	0	0	0	0	0	0	0	0	0		
To / (From) Debt / Rate Stabilization Reserves	0	0	0	0	0	0	0	0	260,000	260,000		
Total Reserve Funding	\$1,649,375	\$264,965	(\$4,459)	\$540,750	(\$2,823,183)	(\$494,677)	\$98,499	\$665,000	\$2,197,033	\$3,979,389		
Total Revenue Requirement	\$28,362,270	\$31,110,533	\$33,906,233	\$37,019,356	\$40,396,312	\$42,946,835	\$45,764,290	\$48,530,563	\$51,490,850	\$54,614,042		
Bal. / (Def.) of Funds	\$0	(\$2,607,456)	(\$5,469,939)	(\$8,612,097)	(\$12,060,961)	(\$14,656,003)	(\$17,425,982)	(\$20,156,962)	(\$23,058,129)	(\$26,139,983)		
Balance a % of Rate Adj. Req'd	0.0%	9.5%	19.9%	31.3%	43.8%	53.1%	63.1%	72.8%	83.2%	94.2%		
Proposed Rate Adjustment	0.0%	9.5%	9.5%	9.5%	9.5%	6.5%	6.5%	6.0%	6.0%	6.0%		
<i>Months of Adjustment</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>		
Add'l Revenue with Rate Adj.	\$0	\$2,607,456	\$5,469,939	\$8,612,097	\$12,060,961	\$14,656,003	\$17,425,982	\$20,156,962	\$23,058,129	\$26,139,983		
Bal. / (Def.) After Rate Adj.	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Add'l Rate Adj. Req'd	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Average Residential Customer Bill												
Customer Bill on Proposed Adjustment	\$61.24	\$67.06	\$73.43	\$80.40	\$88.04	\$93.77	\$99.86	\$105.85	\$112.20	\$118.93		
Bill Difference - Monthly		5.82	6.37	6.98	7.64	5.72	6.09	5.99	6.35	6.73		
Cumulative Bill Difference		5.82	12.19	19.16	26.80	32.53	38.62	44.61	50.96	57.69		
Debt Service Coverage Ratio (all debt)												
Before Rate Adjustment	1.72	1.30	0.51	0.03	0.00	0.00	0.00	0.00	0.00	0.00		
After Proposed Rate Adjustment	1.72	2.03	1.84	2.12	1.65	2.35	2.70	2.72	3.05	3.21		

	<i>Proposed</i>				<i>Projected</i>						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	Notes
Reserve Funds											
Beginning Reserve Balance	\$14,551,534	\$14,030,677	\$14,629,477	\$13,593,824	\$14,835,880	\$12,830,943	\$13,594,198	\$14,884,209	\$13,693,780	\$17,224,130	
Operating Reserve											
Beginning Balance	\$4,652,785	\$2,944,374	\$3,209,339	\$3,204,880	\$3,745,630	\$922,448	\$427,771	\$526,270	\$916,270	\$1,603,304	
Plus: Additions	569,174	264,965	0	540,750	0	0	98,499	390,000	687,033	1,269,389	
Ending Fund Balance	0	(0)	0	0	0	0	0	0	0	0	
Less: Uses of Funds	(2,277,585)	0	(4,459)	0	(2,823,183)	(494,677)	0	0	0	0	
Ending Balance	\$2,944,374	\$3,209,339	\$3,204,880	\$3,745,630	\$922,448	\$427,771	\$526,270	\$916,270	\$1,603,304	\$2,872,693	
Capital Fund											
Beginning Balance	\$2,781,367	\$2,888,720	\$2,612,448	\$1,095,213	\$1,264,716	\$1,817,507	\$2,800,620	\$3,707,613	\$1,832,620	\$4,110,970	
Plus: Additions	0	0	0	59,180	441,916	871,683	795,007	275,000	2,165,241	2,450,000	
Connection Fees	108,685	109,228	109,775	110,323	110,875	111,429	111,987	112,547	113,109	113,675	As Misc. Revenues
Less: Uses of Funds	(1,332)	(385,500)	(1,627,010)	0	0	0	0	(2,262,540)	0	(4,739,603)	
Ending Balance	\$2,888,720	\$2,612,448	\$1,095,213	\$1,264,716	\$1,817,507	\$2,800,620	\$3,707,613	\$1,832,620	\$4,110,970	\$1,935,042	
Target: 3-yr avg CIP less debt funded	\$4,010,476	\$4,309,170	\$5,300,670	\$5,966,667	\$7,341,667	\$8,745,847	\$9,370,847	\$11,134,048	\$11,219,802	\$13,489,603	
Target: 5% of Net Plant	\$5,483,883	\$5,407,051	\$5,352,666	\$5,343,478	\$5,301,195	\$5,349,489	\$5,407,006	\$5,500,105	\$5,915,520	\$6,016,669	
Disaster Reserves (15% of O&M)											
Beginning Balance	\$2,937,589	\$3,585,710	\$3,951,774	\$4,243,399	\$4,562,480	\$4,721,753	\$4,886,644	\$5,057,356	\$5,234,094	\$5,417,074	
Plus: Additions	648,121	0	0	0	0	0	0	0	0	0	
Balance: From Operating	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$3,585,710	\$3,585,710	\$3,951,774	\$4,243,399	\$4,562,480	\$4,721,753	\$4,886,644	\$5,057,356	\$5,234,094	\$5,417,074	
Contingency Reserves (10% of O&M)											
Beginning Balance	\$1,958,393	\$2,390,473	\$2,634,516	\$2,828,932	\$3,041,653	\$3,147,835	\$3,257,763	\$3,371,570	\$3,489,396	\$3,611,382	
Plus: Additions	432,080	0	0	0	0	0	0	0	0	0	
Balance: From Operating	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$2,390,473	\$2,390,473	\$2,634,516	\$2,828,932	\$3,041,653	\$3,147,835	\$3,257,763	\$3,371,570	\$3,489,396	\$3,611,382	
Debt / Rate Stabilization Reserves											
Beginning Balance	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,481,400	
Plus: Additions	0	0	0	0	0	0	0	0	260,000	260,000	
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,221,400	\$2,481,400	\$2,741,400	
Minimum for Rate Stabilization	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Ending Reserve Balance	\$14,030,677	\$14,019,370	\$13,107,783	\$14,304,077	\$12,565,488	\$13,319,378	\$14,599,691	\$13,399,216	\$16,919,163	\$16,577,591	
Check Council Policies	\$10,986,658	\$11,285,353	\$12,886,960	\$13,415,808	\$13,905,329	\$14,219,076	\$14,551,413	\$14,929,031	\$15,639,009	\$16,045,125	
	\$3,044,019	\$2,734,017	\$220,823	\$888,269	(\$1,339,840)	(\$899,698)	\$48,278	(\$1,529,815)	\$1,280,154	\$532,466	

City of Santa Barbara
Wastewater Rate Study
Capital Improvement Plan
Exhibit 4

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	Total	Notes
Future Capital Projects	(\$2,376,083)	\$0	\$0	\$1,000,000	\$0	\$500,000	\$750,000	\$0	\$5,000,000	\$0	\$4,873,917	
Transfer to Capital Reserve	\$0	\$0	\$0	\$59,180	\$441,916	\$871,683	\$795,007	\$0	\$915,241	\$0	\$3,083,027	
Total Capital Improvement Projects	\$3,178,917	\$3,775,500	\$5,077,010	\$4,075,000	\$6,750,000	\$7,075,000	\$8,200,000	\$17,962,540	\$8,950,000	\$17,489,603	\$82,533,570	
<i>Less: Outside Funding Sources</i>												
Operating Fund Reserves	\$2,277,585	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,277,585	
Capital Fund Reserves	1,332	385,500	1,627,010	0	0	0	0	2,262,540	0	4,739,603	9,015,985	
Carryovers and Encumbrances	0	0	0	0	0	0	0	0	0	0	0	
Reimbursement	0	0	0	0	0	0	0	0	0	0	0	
Secured Debt (SRF)	0	0	0	0	0	0	0	0	0	0	0	
Assumed Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	
Assumed Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	
Additional Revenue Bonds	(0)	0	0	0	0	0	(0)	7,000,000	(0)	4,000,000	11,000,000	
Total Funding Sources	\$2,278,917	\$385,500	\$1,627,010	\$0	\$0	\$0	(\$0)	\$9,262,540	(\$0)	\$8,739,603	\$22,293,570	
Rate Funded Capital	\$900,000	\$3,390,000	\$3,450,000	\$4,075,000	\$6,750,000	\$7,075,000	\$8,200,000	\$8,700,000	\$8,950,000	\$8,750,000	\$60,240,000	

City of Santa Barbara
Wastewater Rate Study
Debt Schedule
Exhibit 5

	2004/16	CWSRF Loan -		FY 2021	FY 2024	FY 2024 El Estero	
	Revenue	FOG	Headworks	Aeration	Braemar SRF	Electrical SRF	Total
	Bond			Loan			
FY 2024	\$1,158,800	\$98,161	\$341,981	\$1,953,145	\$0	\$0	\$3,552,087
FY 2025	1,157,550	98,161	341,981	1,953,145	0	0	3,550,837
FY 2026	1,164,050	98,161	341,981	1,953,145	558,195	0	4,115,533
FY 2027	1,162,800	98,161	341,981	1,953,145	558,195	0	4,114,283
FY 2028	1,164,800	98,161	341,981	1,953,145	558,195	1,936,678	6,052,961
FY 2029	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2030	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2031	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2032	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2033	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2034	0	98,161	341,981	1,953,145	558,195	1,936,678	4,888,161
FY 2035	0	98,161	0	1,953,145	558,195	1,936,678	4,546,180
FY 2036	0	0	0	1,953,145	558,195	1,936,678	4,448,019
FY 2037	0	0	0	1,953,145	558,195	1,936,678	4,448,019
Total Debt Service	\$5,808,000	\$1,177,932	\$3,761,791	\$27,344,035	\$6,698,345	\$19,366,783	\$64,156,885

Source: City provided debt service schedules

	Rates														Total
	8.1.22	8.1.23	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	
Residential															
Base Fee	\$ / DU														
Single Family	\$25.35	\$27.00	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129
1 - 4 DU (accts.)	0.00	0.00	4,942	4,942	4,942	4,942	4,942	4,942	4,942	4,942	4,942	4,942	4,942	4,942	
# of dwelling units	25.35	27.00	8,605	8,605	8,605	8,605	8,605	8,605	8,605	8,605	8,605	8,605	8,605	8,605	
5 + DU (accts.)	0.00	0.00	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	
# of dwelling units	25.35	27.00	13,981	13,981	13,981	13,981	13,981	13,981	13,981	13,981	13,981	13,981	13,981	13,981	
Total Base Fee Revenue			\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$1,045,305	\$12,543,660
Volume Charge	\$ / HCF														
<i>Single Family</i>															
0 - 8	\$3.83	\$4.28	98,220	99,565	96,726	94,286	90,362	83,213	76,697	60,422	75,640	73,175	87,664	88,822	1,024,792
8 +		0.00	69,027	70,385	66,539	58,259	42,487	38,289	19,041	10,579	17,717	13,835	34,291	37,020	477,469
<i>1 - 4 DU (accts.)</i>															
All Use	\$3.83	\$4.28	40,575	43,510	39,627	38,347	38,601	35,571	35,451	27,828	32,511	33,103	36,482	37,020	438,626
<i>5 + DU (accts.)</i>															
All Use	\$3.83	\$4.28	56,021	57,241	53,107	54,306	54,026	51,166	53,654	43,198	47,857	49,233	51,704	50,304	621,817
			<u>263,843</u>	<u>270,701</u>	<u>255,999</u>	<u>245,198</u>	<u>225,476</u>	<u>208,239</u>	<u>184,843</u>	<u>142,027</u>	<u>173,725</u>	<u>169,346</u>	<u>210,141</u>	<u>213,166</u>	<u>2,562,704</u>
Total Volume Charge Revenue			\$833,812	\$857,352	\$810,889	\$800,099	\$783,193	\$727,386	\$709,633	\$562,597	\$667,714	\$665,586	\$752,638	\$753,905	\$8,924,805
Total Residential Revenue			\$1,879,117	\$1,902,657	\$1,856,194	\$1,845,404	\$1,828,498	\$1,772,691	\$1,754,938	\$1,607,902	\$1,713,019	\$1,710,891	\$1,797,943	\$1,799,210	\$21,468,465
Commercial															
Base Fee (Minimum)	\$ / Acct.														
5/8"	\$46.65	\$51.69	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181
3/4"	69.98	77.54	111	111	111	111	111	111	111	111	111	111	111	111	
1"	81.41	90.46	351	351	351	351	351	351	351	351	351	351	351	351	
1 1/2"	139.73	129.23	171	171	171	171	171	171	171	171	171	171	171	171	
2"	232.96	206.76	285	285	285	285	285	285	285	285	285	285	285	285	
3"	465.75	387.68	0	0	0	0	0	0	0	0	0	0	0	0	
4"	581.29	646.13	4	4	4	4	4	4	4	4	4	4	4	4	
6"	1,164.33	1,292.25	0	0	0	0	0	0	0	0	0	0	0	0	
8"	2,037.60	2,067.60	0	0	0	0	0	0	0	0	0	0	0	0	
10"	3,127.67	2,972.18	0	0	0	0	0	0	0	0	0	0	0	0	
			<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>
Total Base Fee (Minimum) Revenue			\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$185,014	\$2,220,165
Volume Charge	\$ / HCF														
Unbilled	\$0.00	\$0.00	20,901	22,347	20,821	20,924	20,537	18,565	17,866	17,335	18,176	18,282	19,875	20,134	235,761
Billed	4.94	5.27	40,574	40,509	33,098	33,183	37,792	24,874	26,082	24,130	23,224	25,268	30,399	31,887	371,021
			<u>61,475</u>	<u>62,856</u>	<u>53,919</u>	<u>54,107</u>	<u>58,329</u>	<u>43,439</u>	<u>43,948</u>	<u>41,465</u>	<u>41,400</u>	<u>43,550</u>	<u>50,274</u>	<u>52,021</u>	<u>606,783</u>
Total Volume Charge Revenue			\$213,824	\$213,484	\$174,429	\$174,876	\$199,165	\$131,086	\$137,455	\$127,167	\$122,390	\$133,160	\$160,202	\$168,044	\$1,955,283
Total Commercial Revenue			\$398,838	\$398,497	\$359,443	\$359,890	\$384,179	\$316,100	\$322,468	\$312,181	\$307,404	\$318,174	\$345,216	\$353,058	\$4,175,447

		Rates												Total		
		8.1.22	8.1.23	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
Commercial (Discount)																
Base Fee (Minimum)	\$ / Acct.															
5/8"	\$46.65 \$51.69	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
3/4"	\$69.98 77.54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1"	\$81.41 90.46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 1/2"	\$139.73 129.23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2"	\$232.96 206.76	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
3"	\$465.75 387.68	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4"	\$581.29 646.13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6"	\$1,164.33 1,292.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8"	\$2,037.60 2,067.60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	\$3,127.67 2,972.18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total Base Fee (Minimum) Revenue		\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$930	\$11,165
Volume Charge	\$ / HCF															
Unbilled	\$0.00 \$0.00	337	295	429	529	467	442	464	312	373	388	486	460	4,981		
Billed	2.60 2.60	533	1,068	485	730	631	420	319	148	35	188	266	349	5,173		
		870	1,363	914	1,259	1,098	862	783	460	408	576	752	809	10,154		
Total Volume Charge Revenue		\$1,386	\$2,777	\$1,262	\$1,899	\$1,640	\$1,091	\$830	\$385	\$90	\$489	\$691	\$907	\$13,449		
Total Commercial (Discount) Revenue		\$2,317	\$3,708	\$2,192	\$2,829	\$2,570	\$2,022	\$1,760	\$1,316	\$1,021	\$1,420	\$1,621	\$1,837	\$24,614		
Industrial																
Base Fee (Minimum)	\$ / Acct.															
5/8"	\$61.04 \$59.70	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
3/4"	91.56 89.55	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1"	107.00 104.48	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
1 1/2"	175.08 149.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2"	305.62 238.80	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
3"	611.06 447.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4"	764.09 746.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6"	1,527.87 1,492.50	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
8"	2,673.71 2,388.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	4,201.78 3,432.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Total Base Fee (Minimum) Revenue		\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$6,388	\$76,655
Volume Charge	\$ / HCF															
Unbilled	\$0.00 \$0.00	994	1,041	1,005	1,006	1,019	992	944	968	965	934	1,001	991	11,857		
Billed	6.24 6.65	5,811	10,101	5,166	5,103	4,901	3,933	4,321	4,794	4,463	5,007	5,363	5,609	64,575		
		6,805	11,142	6,171	6,109	5,920	4,925	5,265	5,762	5,428	5,941	6,364	6,600	76,432		
Total Volume Charge Revenue		\$38,646	\$67,170	\$34,356	\$33,938	\$32,594	\$26,157	\$28,735	\$31,881	\$29,680	\$33,298	\$35,666	\$37,301	\$429,421		
Total Industrial Revenue		\$45,034	\$73,558	\$40,744	\$40,326	\$38,982	\$32,545	\$35,123	\$38,269	\$36,068	\$39,686	\$42,054	\$43,689	\$506,076		

	<i>RPR</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
Single Family											
# of Accts.	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	16,129	As SF Cust Growth
Volume (CCF)											
Tier 1	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	1,024,792	As SF Vol Growth
Tier 2	477,469	477,469	477,469	477,469	477,469	477,469	477,469	477,469	477,469	477,469	As SF Vol Growth
Multi-Family											
# of Accts.	6,930	6,965	6,999	7,034	7,070	7,105	7,141	7,176	7,212	7,248	As MF Cust Growth
1-4 DU	8,605	8,648	8,691	8,735	8,778	8,822	8,866	8,911	8,955	9,000	As MF Cust Growth
5+ DU	13,981	14,051	14,121	14,192	14,263	14,334	14,406	14,478	14,550	14,623	As MF Cust Growth
Volume											
1-4 DU											
Tier 1	438,626	438,626	438,626	438,626	438,626	438,626	438,626	438,626	438,626	438,626	As MF Vol Growth
5+ DU											
Tier 1	621,817	621,817	621,817	621,817	621,817	621,817	621,817	621,817	621,817	621,817	As MF Vol Growth
Residential											
Accounts	23,059	23,094	23,128	23,163	23,199	23,234	23,270	23,305	23,341	23,377	
Dwelling Units	24,734	24,777	24,820	24,864	24,907	24,951	24,995	25,040	25,084	25,129	
Volume	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	2,562,704	

	<i>RPR</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
Commercial											
<i>Commercial</i>											
5/8"	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	As Com Cust Growth
3/4"	111	111	111	111	111	111	111	111	111	111	As Com Cust Growth
1"	351	351	351	351	351	351	351	351	351	351	As Com Cust Growth
1 1/2"	171	171	171	171	171	171	171	171	171	171	As Com Cust Growth
2"	285	285	285	285	285	285	285	285	285	285	As Com Cust Growth
3"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
4"	4	4	4	4	4	4	4	4	4	4	As Com Cust Growth
6"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
8"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
10"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
	2,103	2,103	2,103	2,103	2,103	2,103	2,103	2,103	2,103	2,103	
<i>Commercial (Discount)</i>											
5/8"	2	2	2	2	2	2	2	2	2	2	As Com Cust Growth
3/4"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
1"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
1 1/2"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
2"	4	4	4	4	4	4	4	4	4	4	As Com Cust Growth
3"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
4"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
6"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
8"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
10"	0	0	0	0	0	0	0	0	0	0	As Com Cust Growth
	6	6	6	6	6	6	6	6	6	6	
# of Accts.	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	
Volume											
Commercial	371,021	371,021	371,021	371,021	371,021	371,021	371,021	371,021	371,021	371,021	As Com Vol Growth
Commercial - Unbilled	235,761	235,761	235,761	235,761	235,761	235,761	235,761	235,761	235,761	235,761	As Com Vol Growth
Commercial Total	606,783	606,783	606,783	606,783	606,783	606,783	606,783	606,783	606,783	606,783	
Commercial (Discount)	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	As Com Vol Growth
Commercial (Discount) - Unbilled	4,981	4,981	4,981	4,981	4,981	4,981	4,981	4,981	4,981	4,981	As Com Vol Growth
Commercial (Discount) Total	10,154	10,154	10,154	10,154	10,154	10,154	10,154	10,154	10,154	10,154	

	<i>RPR</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
Industrial											
5/8"	10	10	10	10	10	10	10	10	10	10	As Ind Cust Growth
3/4"	1	1	1	1	1	1	1	1	1	1	As Ind Cust Growth
1"	6	6	6	6	6	6	6	6	6	6	As Ind Cust Growth
1 1/2"	0	0	0	0	0	0	0	0	0	0	As Ind Cust Growth
2"	15	15	15	15	15	15	15	15	15	15	As Ind Cust Growth
3"	0	0	0	0	0	0	0	0	0	0	As Ind Cust Growth
4"	0	0	0	0	0	0	0	0	0	0	As Ind Cust Growth
6"	1	1	1	1	1	1	1	1	1	1	As Ind Cust Growth
8"	0	0	0	0	0	0	0	0	0	0	As Ind Cust Growth
10"	0	0	0	0	0	0	0	0	0	0	As Ind Cust Growth
# of Accts.	33	33	33	33	33	33	33	33	33	33	
Volume											
Billed	64,575	64,575	64,575	64,575	64,575	64,575	64,575	64,575	64,575	64,575	As Ind Vol Growth
Unbilled	11,857	11,857	11,857	11,857	11,857	11,857	11,857	11,857	11,857	11,857	As Ind Vol Growth
Industrial Total	76,432	76,432	76,432	76,432	76,432	76,432	76,432	76,432	76,432	76,432	
Com - High Strength											
5/8"	164	164	164	164	164	164	164	164	164	164	As HS Cust Growth
3/4"	12	12	12	12	12	12	12	12	12	12	As HS Cust Growth
1"	43	43	43	43	43	43	43	43	43	43	As HS Cust Growth
1 1/2"	24	24	24	24	24	24	24	24	24	24	As HS Cust Growth
2"	35	35	35	35	35	35	35	35	35	35	As HS Cust Growth
3"	0	0	0	0	0	0	0	0	0	0	As HS Cust Growth
4"	0	0	0	0	0	0	0	0	0	0	As HS Cust Growth
6"	0	0	0	0	0	0	0	0	0	0	As HS Cust Growth
8"	1	1	1	1	1	1	1	1	1	1	As HS Cust Growth
10"	0	0	0	0	0	0	0	0	0	0	As HS Cust Growth
	279	279	279	279	279	279	279	279	279	279	
Volume											
Billed	122,042	122,042	122,042	122,042	122,042	122,042	122,042	122,042	122,042	122,042	As HS Vol Growth
Unbilled	58,345	58,345	58,345	58,345	58,345	58,345	58,345	58,345	58,345	58,345	As HS Vol Growth
Com - High Strength Total	180,387	180,387	180,387	180,387	180,387	180,387	180,387	180,387	180,387	180,387	

	<i>RPR</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Revenue Calculation										
Single Family	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906	\$9,611,906
Multi-Family	11,856,559	11,893,149	11,929,921	11,966,877	12,004,018	12,041,344	12,078,858	12,116,558	12,154,448	12,192,527
Commercial	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447	4,175,447
Commercial (Discount)	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614	24,614
Industrial	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076	506,076
Com - High Strength	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813	1,167,813
	\$27,342,415	\$27,379,005	\$27,415,777	\$27,452,733	\$27,489,874	\$27,527,201	\$27,564,714	\$27,602,415	\$27,640,304	\$27,678,383

City of Santa Barbara
Wastewater Rate Study
Exhibit 8
Volume Distribution Factor

	FY 2025	10.0%	Total Annual	Avg. Daily	% of	% of
	Annual Flow	Inflow and	Flow at Plant	Flow At	Total	Total
	(HCF)	Infiltration ^[1]	(HCF)	Plant (MGD)		
Single Family	1,040,384	104,038	1,144,422	2.35	37.8%	37.8%
Multi-Family	966,806	96,681	1,063,487	2.18	35.2%	35.2%
Commercial	524,396	52,440	576,836	1.18	19.1%	19.1%
Industrial	64,967	6,497	71,464	0.15	2.4%	2.4%
Com - High Strength	153,329	15,333	168,662	0.35	5.6%	5.6%
High Strength Surcharge	0	0	0	0.00	0.0%	0.0%
Total	2,749,883	274,988	3,024,871	6.20	100.0%	100.0%
		<i>Actual Flows ^[2]</i>	3,100,060	6.35		
				<i>(VOL w/o HSD)</i>		<i>(VOL)</i>

Notes

[1] - Estimated

[2] - Provide by City, avg flow 7.1.22 - 6.30.23

City of Santa Barbara
Wastewater Rate Study
Exhibit 9
Customer Distribution Factors

	<i>Actual Customer</i>		<i>Cust. Serv. & Acntg</i>		<i>Capacity Demand</i>		
	Number of Account ^[1]	% of Total	Dwelling Units ^[2]	% of Total	Equivalent Meters ^[3]	% of Total	% of Total
Single Family	16,129	62.6%	16,129	38.9%	16,129	34.6%	34.6%
Multi-Family	6,965	27.1%	22,699	54.7%	22,699	48.7%	48.7%
Commercial	2,247	8.7%	2,247	5.4%	6,410	13.8%	13.8%
Industrial	53	0.2%	53	0.1%	288	0.6%	0.6%
Com - High Strength	353	1.4%	353	0.9%	1,052	2.3%	2.3%
High Strength Surcharge	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	25,747	100.0%	41,481	100.0%	46,578	100.0%	100.0%
		<i>(AC)</i>		<i>(WCA)</i>		<i>(CD w/o HSD)</i>	<i>(CD)</i>

Notes

[1] - Based on FY 2021 Billing Data

[2] - Based on City records

[3] - Based on meter size; HSD based on average flow

City of Santa Barbara
Wastewater Rate Study
Exhibit 10
Strength Distribution Factors

	<i>Biochemical Oxygen Demand</i>				<i>Total Suspended Solids</i>		
	Daily Flow (MGD)	Avg. Factor (mg/l)	Calculated Pounds ^{[1][2]}	% of Total	Avg. Factor (mg/l)	Calculated Pounds ^{[1][2]}	% of Total
Single Family	2.35	280	1,998,996	35.7%	315	2,248,871	35.4%
Multi-Family	2.18	280	1,857,623	33.2%	315	2,089,826	32.9%
Commercial	1.18	280	1,007,576	18.0%	315	1,133,523	17.8%
Industrial	0.15	450	200,617	3.6%	550	245,198	3.9%
Com - High Strength	0.35	450	473,476	8.5%	550	578,693	9.1%
High Strength Surcharge			57,014	1.0%		57,186	0.9%
Total	6.20		5,595,303	100.0%		6,353,297	100.0%
				(BOD)			(TSS)

	<i>Ammonia</i>			
	Daily Flow (MGD)	Avg. Factor (mg/l)	Calculated Pounds ^{[1][2]}	% of Total
Single Family	2.35	35	249,875	35.3%
Multi-Family	2.18	35	232,203	32.8%
Commercial	1.18	35	125,947	17.8%
Industrial	0.15	55	24,520	3.5%
Com - High Strength	0.35	55	57,869	8.2%
High Strength Surcharge			18,005	2.5%
	6.20		708,418	100.0%
				(AMN)

Notes

[1] - Calculated Pounds = Daily Flow * Factor * 8.34 (Lbs. / MGD)

[2] - Retail figures based on WRF influent design

City of Santa Barbara
Wastewater Rate Study
Exhibit 11
Revenue Distribution Factor

	Projected FY 2025	% of Total
Single Family	\$9,611,906	35.0%
Multi-Family	11,893,149	43.3%
Commercial	4,200,062	15.3%
Industrial	506,076	1.8%
Com - High Strength	1,167,813	4.3%
High Strength Surcharge	67,899	0.2%
Total	\$27,446,904	100.0%

(RR)

City of Santa Barbara
Wastewater Rate Study
Exhibit 12.1
Net Plant in Service

	As of 06/30/23	Strength Related				Weighted for				Revenue (RR)	Direct (DA)	Basis of Classification	
		Volume (VOL)	Volume (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)				Capacity Demand (CD w/o HSD)
Collection	\$48,611,084	\$0	\$38,888,867	\$0	\$0	\$0	\$0	\$0	\$9,722,217	\$0	\$0	80.0% VOL w/o	20.0% CD
Land	3,508,672	3,508,672	0	0	0	0	0	0	0	0	0	100.0% VOL	
Lift Station	4,584,175	3,667,340	0	0	0	0	0	916,835	0	0	0	80.0% VOL	20.0% CD
Treatment	51,844,402	0	0	7,569,283	4,406,774	16,797,586	0	0	23,070,759	0	0	44.5% CD	14.6% BOD 8.5% AMN 32.4% SS
CWIP	0	0	0	0	0	0	0	0	0	0	0	44.5% CD	14.6% BOD 8.5% AMN 32.4% SS
Plant Before General Plant	\$108,548,333	\$7,176,012	\$38,888,867	\$7,569,283	\$4,406,774	\$16,797,586	\$0	\$0	\$23,987,594	\$9,722,217	\$0		
% Plant Before General Plant	100.0%	6.6%	35.8%	7.0%	4.1%	15.5%	0.0%	0.0%	22.1%	9.0%	0.0%	0.0%	Factor PBGP
General Plant													
General - Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Factor PBGP	
General - CWIP	0	0	0	0	0	0	0	0	0	0	0	As Factor PBGP	
General - Equipment	0	0	0	0	0	0	0	0	0	0	0	As Factor PBGP	
General	1,129,335	74,659	404,599	78,751	45,848	174,762	0	0	249,567	101,150	0	As Factor PBGP	
Total General Plant	\$1,129,335	\$74,659	\$404,599	\$78,751	\$45,848	\$174,762	\$0	\$0	\$249,567	\$101,150	\$0		
Net Plant in Service	\$109,677,668	\$7,250,671	\$39,293,466	\$7,648,033	\$4,452,622	\$16,972,348	\$0	\$0	\$24,237,160	\$9,823,367	\$0		

Test Year FY 2025	Strength Related					Weighted				Revenue (RR)	Direct (DA)	Basis of Classification
	Volume (VOL)	Volume Without HSD (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)	Capacity Demand Without HSD (CD w/o HSD)			
Water Resources Management - 4711												
Salaries-Permanent	\$533,415	\$0	\$0	\$0	\$0	\$0	\$0	\$533,415	\$0	\$0	\$0	100.0% CD
Salaries-Hourly	79,125	0	0	0	0	0	0	79,125	0	0	0	100.0% CD
Salaries-Overtime	1,583	0	0	0	0	0	0	1,583	0	0	0	100.0% CD
Salaries-OT CompTime Cashout	2,110	0	0	0	0	0	0	2,110	0	0	0	100.0% CD
Alloc-Vacation Cashout	5,165	0	0	0	0	0	0	5,165	0	0	0	100.0% CD
Alloc-Sick Leave Cashout	8,477	0	0	0	0	0	0	8,477	0	0	0	100.0% CD
Benefits - Grp. Insurance	89,965	0	0	0	0	0	0	89,965	0	0	0	100.0% CD
Benefits - Retirement	69,311	0	0	0	0	0	0	69,311	0	0	0	100.0% CD
Benefits - Retirement UAL	141,424	0	0	0	0	0	0	141,424	0	0	0	100.0% CD
Benefits - Workers Comp	27,632	0	0	0	0	0	0	27,632	0	0	0	100.0% CD
Medicare	9,054	0	0	0	0	0	0	9,054	0	0	0	100.0% CD
Hourly Ee Retirement	1,204	0	0	0	0	0	0	1,204	0	0	0	100.0% CD
Hourly Health Care Reimburse	741	0	0	0	0	0	0	741	0	0	0	100.0% CD
Alloc - Retiree Medical	2,715	0	0	0	0	0	0	2,715	0	0	0	100.0% CD
Network / Infrastructure	20,577	0	0	0	0	0	0	20,577	0	0	0	100.0% CD
GIS Support	175,544	0	0	0	0	0	0	175,544	0	0	0	100.0% CD
Enterprise Applic Sys	121,861	0	0	0	0	0	0	121,861	0	0	0	100.0% CD
Building Maintenance	1,624	0	0	0	0	0	0	1,624	0	0	0	100.0% CD
Generator Replacements	946	0	0	0	0	0	0	946	0	0	0	100.0% CD
Alternative Transportation	441	0	0	0	0	0	0	441	0	0	0	100.0% CD
Telephone Allocated	2,073	0	0	0	0	0	0	2,073	0	0	0	100.0% CD
Custodial	183,558	0	0	0	0	0	0	183,558	0	0	0	100.0% CD
Communications	7,801	0	0	0	0	0	0	7,801	0	0	0	100.0% CD
Energy Conservation	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Utilities Allocated	2,057	0	0	0	0	0	0	2,057	0	0	0	100.0% CD
Liability Insurance	181,627	0	0	0	0	0	0	181,627	0	0	0	100.0% CD
Property Insurance	1,423,276	0	0	0	0	0	0	1,423,276	0	0	0	100.0% CD
Overhead Allocation	1,439,627	0	0	0	0	0	0	1,439,627	0	0	0	100.0% CD
Office Supplies & Expense	108	0	0	0	0	0	0	108	0	0	0	100.0% CD
Special Supplies and Expense	9,270	0	0	0	0	0	0	9,270	0	0	0	100.0% CD
Profess. Services - Contract	147,920	0	0	0	0	0	0	147,920	0	0	0	100.0% CD
Legal Services	36,925	0	0	0	0	0	0	36,925	0	0	0	100.0% CD
Engineering Service	159,496	0	0	0	0	0	0	159,496	0	0	0	100.0% CD
Meeting & Travel	7,650	0	0	0	0	0	0	7,650	0	0	0	100.0% CD
Pool Car Maintenance	114	0	0	0	0	0	0	114	0	0	0	100.0% CD
Pool Car Replacement	1,274	0	0	0	0	0	0	1,274	0	0	0	100.0% CD
Dues Memberships & License	46,350	0	0	0	0	0	0	46,350	0	0	0	100.0% CD
Training	5,100	0	0	0	0	0	0	5,100	0	0	0	100.0% CD
Printing & Binding	206	0	0	0	0	0	0	206	0	0	0	100.0% CD
Postage / Delivery	103	0	0	0	0	0	0	103	0	0	0	100.0% CD
Telephone	550	0	0	0	0	0	0	550	0	0	0	100.0% CD
Pooled Vehicle Conv Fuel	106	0	0	0	0	0	0	106	0	0	0	100.0% CD
LAFCO	10,300	0	0	0	0	0	0	10,300	0	0	0	100.0% CD
GASB 45 Actuarial Study	2,060	0	0	0	0	0	0	2,060	0	0	0	100.0% CD
Computer Hardware Under \$25000	1,030	0	0	0	0	0	0	1,030	0	0	0	100.0% CD
Comp Software Under \$25000	1,545	0	0	0	0	0	0	1,545	0	0	0	100.0% CD
El Estero Fats Oil Greas (FOG)	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Approp. Reserve (customer assistance program)	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Fiscal Agent Charges	1,632	0	0	0	0	0	0	1,632	0	0	0	100.0% CD
Arbitrage Cost Calculation	2,550	0	0	0	0	0	0	2,550	0	0	0	100.0% CD
Special Projects	61,135	0	0	0	0	0	0	61,135	0	0	0	100.0% CD
Total Water Resources Management - 4711	\$5,028,356	\$0	\$0	\$0	\$0	\$0	\$0	\$5,028,356	\$0	\$0	\$0	

Test Year FY 2025	Strength Related					Weighted				Revenue (RR)	Direct (DA)	Basis of Classification
	Volume (VOL)	Volume Without HSD (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)	Capacity Demand Without HSD (CD w/o HSD)			
Wastewater Collection - 4721												
Salaries - Permanent	\$1,777,153	\$0	\$1,421,722	\$0	\$0	\$0	\$0	\$0	\$355,431	\$0	\$0	As Collection
Salaries - Hourly	63,300	0	50,640	0	0	0	0	0	12,660	0	0	As Collection
Salaries - Overtime	45,567	0	36,453	0	0	0	0	0	9,113	0	0	As Collection
Salaries - Vacation Cashout	20,600	0	16,480	0	0	0	0	0	4,120	0	0	As Collection
Salaries - OT CompTime Cashout	40,415	0	32,332	0	0	0	0	0	8,083	0	0	As Collection
Alloc - Vacation Cashout	17,341	0	13,873	0	0	0	0	0	3,468	0	0	As Collection
Alloc - Sick Leave Cashout	28,458	0	22,767	0	0	0	0	0	5,692	0	0	As Collection
Benefits - Grp. Insurance	278,846	0	223,076	0	0	0	0	0	55,769	0	0	As Collection
Benefits - Retirement	230,920	0	184,736	0	0	0	0	0	46,184	0	0	As Collection
Benefits - Retirement UAL	467,734	0	374,187	0	0	0	0	0	93,547	0	0	As Collection
Benefits - Workers Comp	94,709	0	75,768	0	0	0	0	0	18,942	0	0	As Collection
Unemployment Insurance	8,112	0	6,490	0	0	0	0	0	1,622	0	0	As Collection
Medicare	30,165	0	24,132	0	0	0	0	0	6,033	0	0	As Collection
Hourly Ee Retirement	963	0	771	0	0	0	0	0	193	0	0	As Collection
Hourly Health Care Reimburse	247	0	198	0	0	0	0	0	49	0	0	As Collection
Alloc - Retiree Medical	9,290	0	7,432	0	0	0	0	0	1,858	0	0	As Collection
Network / Infrastructure	80,975	0	64,780	0	0	0	0	0	16,195	0	0	As Collection
GIS Support	14,686	0	11,749	0	0	0	0	0	2,937	0	0	As Collection
Enterprise Applic Sys	91,548	0	73,238	0	0	0	0	0	18,310	0	0	As Collection
Vehicle Replacement	285,667	0	228,534	0	0	0	0	0	57,133	0	0	As Collection
Vehicle Maintenance	274,191	0	219,353	0	0	0	0	0	54,838	0	0	As Collection
Alternative Transportation	8,876	0	7,101	0	0	0	0	0	1,775	0	0	As Collection
Office Supplies & Expense	5,150	0	4,120	0	0	0	0	0	1,030	0	0	As Collection
Janitorial & Hshld Supplies	515	0	412	0	0	0	0	0	103	0	0	As Collection
Uniform Allow & Mntnc	10,599	0	8,479	0	0	0	0	0	2,120	0	0	As Collection
Safety Shoes	6,489	0	5,191	0	0	0	0	0	1,298	0	0	As Collection
Minor Tools	3,120	0	2,496	0	0	0	0	0	624	0	0	As Collection
Special Supplies and Expense	95,584	0	76,467	0	0	0	0	0	19,117	0	0	As Collection
Motor Veh Expenses	30,900	0	24,720	0	0	0	0	0	6,180	0	0	As Collection
Facilities Maint.	374,384	0	299,508	0	0	0	0	0	74,877	0	0	As Collection
Equipment Repair	51,500	0	41,200	0	0	0	0	0	10,300	0	0	As Collection
Profess. Services-Contract	131,031	0	104,825	0	0	0	0	0	26,206	0	0	As Collection
Engineering Services	108,111	0	86,489	0	0	0	0	0	21,622	0	0	As Collection
Non-Contractual Services	66,797	0	53,437	0	0	0	0	0	13,359	0	0	As Collection
Meeting & Travel	8,240	0	6,592	0	0	0	0	0	1,648	0	0	As Collection
Pool Car Maintenance	130	0	104	0	0	0	0	0	26	0	0	As Collection
Pool Car Replacement	177	0	141	0	0	0	0	0	35	0	0	As Collection
Dues Memberships & License	9,785	0	7,828	0	0	0	0	0	1,957	0	0	As Collection
Training	25,889	0	20,711	0	0	0	0	0	5,178	0	0	As Collection
Regulatory Permits and Fees	20,021	0	16,017	0	0	0	0	0	4,004	0	0	As Collection
Advertising	1,030	0	824	0	0	0	0	0	206	0	0	As Collection
Printing & Binding	1,545	0	1,236	0	0	0	0	0	309	0	0	As Collection
Postage / Delivery	1,854	0	1,483	0	0	0	0	0	371	0	0	As Collection
Water	34,650	0	27,720	0	0	0	0	0	6,930	0	0	As Collection
Telephone	24,948	0	19,958	0	0	0	0	0	4,990	0	0	As Collection
Waste Disposal	1,650	0	1,320	0	0	0	0	0	330	0	0	As Collection
Vehicle Fuel	98,175	0	78,540	0	0	0	0	0	19,635	0	0	As Collection
Pooled Vehicle Fuel	220	0	176	0	0	0	0	0	44	0	0	As Collection
Equipment Rental	15,600	0	12,480	0	0	0	0	0	3,120	0	0	As Collection
Special Projects	725,000	0	580,000	0	0	0	0	0	145,000	0	0	As Collection
Computer Hardware Under \$25000	15,450	0	12,360	0	0	0	0	0	3,090	0	0	As Collection
Comp Software Under \$25000	31,364	0	25,091	0	0	0	0	0	6,273	0	0	As Collection
Comp Software Over \$25000	31,310	0	25,048	0	0	0	0	0	6,262	0	0	As Collection
Communications	14,638	0	11,711	0	0	0	0	0	2,928	0	0	As Collection
Total Wastewater Collection - 4721	\$5,815,620	\$0	\$4,652,496	\$0	\$0	\$0	\$0	\$0	\$1,163,124	\$0	\$0	

Test Year FY 2025	Strength Related					Weighted				Revenue (RR)	Direct (DA)	Basis of Classification	
	Volume (VOL)	Volume Without HSD (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)	Capacity Demand Without HSD (CD w/o HSD)				
Wastewater Treatment - 4731													
Salaries - Permanent	\$2,676,618	\$0	\$0	\$390,786	\$227,513	\$867,224	\$0	\$0	\$1,191,095	\$0	\$0	\$0	As Treatment
Salaries - Overtime	29,163	0	0	4,258	2,479	9,449	0	0	12,978	0	0	0	As Treatment
Salaries - Vacation Cashout	20,800	0	0	3,037	1,768	6,739	0	0	9,256	0	0	0	As Treatment
Salaries - OT CompTime Cashout	83,200	0	0	12,147	7,072	26,957	0	0	37,024	0	0	0	As Treatment
Alloc - Vacation Cashout	26,541	0	0	3,875	2,256	8,599	0	0	11,811	0	0	0	As Treatment
Alloc - Sick Leave Cashout	43,558	0	0	6,359	3,702	14,113	0	0	19,383	0	0	0	As Treatment
Benefits - Grp. Insurance	358,274	0	0	52,308	30,453	116,081	0	0	159,432	0	0	0	As Treatment
Benefits - Retirement	347,796	0	0	50,778	29,563	112,686	0	0	154,769	0	0	0	As Treatment
Benefits - Retirement UAL	711,639	0	0	103,899	60,489	230,571	0	0	316,679	0	0	0	As Treatment
Benefits - Workers Comp / Unemp.	145,689	0	0	21,271	12,384	47,203	0	0	64,832	0	0	0	As Treatment
Unemployment Insurance	5,053	0	0	738	429	1,637	0	0	2,249	0	0	0	As Treatment
Medicare	45,433	0	0	6,633	3,862	14,720	0	0	20,218	0	0	0	As Treatment
Alloc - Retiree Medical	14,219	0	0	2,076	1,209	4,607	0	0	6,327	0	0	0	As Treatment
Network / Infrastructure	123,231	0	0	17,992	10,475	39,927	0	0	54,838	0	0	0	As Treatment
GIS Support	8,359	0	0	1,220	711	2,708	0	0	3,720	0	0	0	As Treatment
Enterprise Applic Sys	26,862	0	0	3,922	2,283	8,703	0	0	11,953	0	0	0	As Treatment
Vehicle Replacement	66,978	0	0	9,779	5,693	21,701	0	0	29,805	0	0	0	As Treatment
Vehicle Maintenance	72,303	0	0	10,556	6,146	23,426	0	0	32,175	0	0	0	As Treatment
Alternative Transportation	6,095	0	0	890	518	1,975	0	0	2,712	0	0	0	As Treatment
Telephone Allocated	5,802	0	0	847	493	1,880	0	0	2,582	0	0	0	As Treatment
Communications	21,826	0	0	3,187	1,855	7,072	0	0	9,713	0	0	0	As Treatment
Energy Conservation	0	0	0	0	0	0	0	0	0	0	0	0	As Treatment
Office Supplies & Expense	7,725	0	0	1,128	657	2,503	0	0	3,438	0	0	0	As Treatment
Chemical and Landscape Supplies	1,328,364	0	0	193,941	112,911	430,390	0	0	591,122	0	0	0	As Treatment
Uniform Allow & Mntnc	20,600	0	0	3,008	1,751	6,674	0	0	9,167	0	0	0	As Treatment
Safety Shoes	8,498	0	0	1,241	722	2,753	0	0	3,781	0	0	0	As Treatment
Minor Tools	15,450	0	0	2,256	1,313	5,006	0	0	6,875	0	0	0	As Treatment
Bank Fees	30,600	0	0	4,468	2,601	9,914	0	0	13,617	0	0	0	As Treatment
Bank Transport Fees	20,400	0	0	2,978	1,734	6,610	0	0	9,078	0	0	0	As Treatment
Special Supplies and Expense	89,609	0	0	13,083	7,617	29,033	0	0	39,876	0	0	0	As Treatment
Credit Card Fees	87,630	0	0	12,794	7,449	28,392	0	0	38,995	0	0	0	As Treatment
Facilities Maint.	416,536	0	0	60,814	35,406	134,958	0	0	185,359	0	0	0	As Treatment
Staff In-House	5,150	0	0	752	438	1,669	0	0	2,292	0	0	0	As Treatment
Equipment Repair	646,949	0	0	94,455	54,991	209,612	0	0	287,892	0	0	0	As Treatment
Profess. Services - Contract	147,227	0	0	21,495	12,514	47,702	0	0	65,516	0	0	0	As Treatment
Engineering Services	200,450	0	0	29,266	17,038	64,946	0	0	89,200	0	0	0	As Treatment
Non-Contractual Services	1,583	0	0	231	135	513	0	0	704	0	0	0	As Treatment
Meeting & Travel	7,725	0	0	1,128	657	2,503	0	0	3,438	0	0	0	As Treatment
Pool Car Maintenance	1,030	0	0	150	88	334	0	0	458	0	0	0	As Treatment
Pool Car Replacement	5,150	0	0	752	438	1,669	0	0	2,292	0	0	0	As Treatment
Dues Memberships & License	7,725	0	0	1,128	657	2,503	0	0	3,438	0	0	0	As Treatment
Publications	515	0	0	75	44	167	0	0	229	0	0	0	As Treatment
Training	9,049	0	0	1,321	769	2,932	0	0	4,027	0	0	0	As Treatment
Regulatory Permits and Fees	113,300	0	0	16,542	9,631	36,709	0	0	50,419	0	0	0	As Treatment
Postage / Delivery	618	0	0	90	53	200	0	0	275	0	0	0	As Treatment
Gas	27,500	0	0	4,015	2,338	8,910	0	0	12,238	0	0	0	As Treatment
Electric	1,122,664	0	0	163,909	95,426	363,743	0	0	499,586	0	0	0	As Treatment
Water	48,510	0	0	7,082	4,123	15,717	0	0	21,587	0	0	0	As Treatment
Telephone	18,150	0	0	2,650	1,543	5,881	0	0	8,077	0	0	0	As Treatment
Waste Disposal	705,600	0	0	103,018	59,976	228,614	0	0	313,992	0	0	0	As Treatment
Vehicle Fuel	12,705	0	0	1,855	1,080	4,116	0	0	5,654	0	0	0	As Treatment
Equipment Rental	10,400	0	0	1,518	884	3,370	0	0	4,628	0	0	0	As Treatment
Special Projects	150,000	0	0	21,900	12,750	48,600	0	0	66,750	0	0	0	As Treatment
Computer Hardware Under \$25000	16,970	0	0	2,478	1,442	5,498	0	0	7,552	0	0	0	As Treatment
Comp Software Under \$25000	12,978	0	0	1,895	1,103	4,205	0	0	5,775	0	0	0	As Treatment
Office	5,150	0	0	752	438	1,669	0	0	2,292	0	0	0	As Treatment
Comp Software Over \$25000	30,900	0	0	4,511	2,627	10,012	0	0	13,751	0	0	0	As Treatment
Printing & Binding	1,030	0	0	150	88	334	0	0	458	0	0	0	As Treatment
Total Wastewater Treatment - 4731	\$10,173,879	\$0	\$0	\$1,485,386	\$864,780	\$3,296,337	\$0	\$0	\$4,527,376	\$0	\$0	\$0	

Test Year FY 2025	Strength Related					Weighted				Revenue (RR)	Direct (DA)	Basis of Classification
	Volume (VOL)	Volume Without HSD (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)	Capacity Demand (CD w/o HSD)			
Water Resources Laboratory - 4741												
Salaries - Permanent	\$492,836	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$492,836	\$0	\$0	100.0% CD
Salaries - Hourly	31,650	0	0	0	0	0	0	0	31,650	0	0	100.0% CD
Salaries - Overtime	3,323	0	0	0	0	0	0	0	3,323	0	0	100.0% CD
Salaries - Vacation Cashout	1,055	0	0	0	0	0	0	0	1,055	0	0	100.0% CD
Salaries-OT CompTime Cashout	6,647	0	0	0	0	0	0	0	6,647	0	0	100.0% CD
Alloc - Vacation Cashout	4,137	0	0	0	0	0	0	0	4,137	0	0	100.0% CD
Alloc - Sick Leave Cashout	6,791	0	0	0	0	0	0	0	6,791	0	0	100.0% CD
Benefits - Grp. Insurance	71,039	0	0	0	0	0	0	0	71,039	0	0	100.0% CD
Benefits - Retirement	64,038	0	0	0	0	0	0	0	64,038	0	0	100.0% CD
Benefits - Retirement UAL	129,203	0	0	0	0	0	0	0	129,203	0	0	100.0% CD
Benefits - Workers Comp / Unemp.	22,489	0	0	0	0	0	0	0	22,489	0	0	100.0% CD
Medicare	8,366	0	0	0	0	0	0	0	8,366	0	0	100.0% CD
Hourly Ee Retirement	482	0	0	0	0	0	0	0	482	0	0	100.0% CD
Hourly Health Care Reimburse	124	0	0	0	0	0	0	0	124	0	0	100.0% CD
Alloc - Retiree Medical	2,217	0	0	0	0	0	0	0	2,217	0	0	100.0% CD
Network / Infrastructure	17,875	0	0	0	0	0	0	0	17,875	0	0	100.0% CD
GIS Support	832	0	0	0	0	0	0	0	832	0	0	100.0% CD
Enterprise Applic Sys	4,590	0	0	0	0	0	0	0	4,590	0	0	100.0% CD
Vehicle Replacement	12,980	0	0	0	0	0	0	0	12,980	0	0	100.0% CD
Vehicle Maintenance	2,493	0	0	0	0	0	0	0	2,493	0	0	100.0% CD
Alternative Transportation	236	0	0	0	0	0	0	0	236	0	0	100.0% CD
Custodial	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Office Supplies & Expense	2,060	0	0	0	0	0	0	0	2,060	0	0	100.0% CD
Chemical and Lndscape Supplies	2,575	0	0	0	0	0	0	0	2,575	0	0	100.0% CD
Uniform Allow & Mntnc	2,060	0	0	0	0	0	0	0	2,060	0	0	100.0% CD
Safety Shoes	1,298	0	0	0	0	0	0	0	1,298	0	0	100.0% CD
Special Supplies and Expense	81,046	0	0	0	0	0	0	0	81,046	0	0	100.0% CD
Equipment Repair	20,760	0	0	0	0	0	0	0	20,760	0	0	100.0% CD
Profess. Services - Contract	208,059	0	0	0	0	0	0	0	208,059	0	0	100.0% CD
Non-Contractual Services	15,825	0	0	0	0	0	0	0	15,825	0	0	100.0% CD
COVID-19	7,725	0	0	0	0	0	0	0	7,725	0	0	100.0% CD
Meeting & Travel	4,160	0	0	0	0	0	0	0	4,160	0	0	100.0% CD
Dues Memberships & License	2,600	0	0	0	0	0	0	0	2,600	0	0	100.0% CD
Publications	520	0	0	0	0	0	0	0	520	0	0	100.0% CD
Training	4,160	0	0	0	0	0	0	0	4,160	0	0	100.0% CD
Regulatory Permits and Fees	7,280	0	0	0	0	0	0	0	7,280	0	0	100.0% CD
Printing & Binding	156	0	0	0	0	0	0	0	156	0	0	100.0% CD
Postage / Delivery	5,200	0	0	0	0	0	0	0	5,200	0	0	100.0% CD
Telephone	1,100	0	0	0	0	0	0	0	1,100	0	0	100.0% CD
Telephone Allocated	1,046	0	0	0	0	0	0	0	1,046	0	0	100.0% CD
Waste Disposal	1,100	0	0	0	0	0	0	0	1,100	0	0	100.0% CD
Vehicle Fuel	1,100	0	0	0	0	0	0	0	1,100	0	0	100.0% CD
Equipment Under \$25000	31,053	0	0	0	0	0	0	0	31,053	0	0	100.0% CD
Computer Hardware Under \$25000	5,150	0	0	0	0	0	0	0	5,150	0	0	100.0% CD
Comp Software Under \$25000	43,260	0	0	0	0	0	0	0	43,260	0	0	100.0% CD
Equipment Over \$25000	82,382	0	0	0	0	0	0	0	82,382	0	0	100.0% CD
Communications	3,684	0	0	0	0	0	0	0	3,684	0	0	100.0% CD
Total Water Resources Laboratory - 4741	\$1,418,762	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,418,762	\$0	\$0	

Test Year FY 2025	Strength Related					Weighted					Revenue (RR)	Direct (DA)	Basis of Classification
	Volume (VOL)	Volume Without HSD (VOL w/o HSD)	Biochemical Oxygen Demand (BOD)	Ammonia (AMN)	Total Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)	Capacity Demand (CD)	Capacity Demand Without HSD (CD w/o HSD)				
Total O&M Expenses	\$23,904,731	\$0	\$5,826,988	\$1,485,386	\$864,780	\$3,296,337	\$0	\$0	\$10,974,494	\$1,456,747	\$0	\$0	
Rate Funded Capital	\$3,390,000	\$224,109	\$1,214,512	\$236,391	\$137,625	\$524,594	\$0	\$0	\$749,140	\$303,628	\$0	\$0	As Net Plant
Debt Service													
2004/16 Revenue Bond	\$1,157,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,157,550	\$0	\$0	\$0	100.0% CD
CWSRF Loan - FOG	98,161	0	0	0	0	0	0	0	98,161	0	0	0	100.0% CD
CWSRF Loan - Headworks	341,981	0	0	0	0	0	0	0	341,981	0	0	0	100.0% CD
FY 2021 Aeration Loan	1,953,145	0	0	0	0	0	0	0	1,953,145	0	0	0	100.0% CD
FY 2024 Braemar SRF	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
FY 2024 El Estero Electrical SRF	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Assumed Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Assumed Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Additional Long-Term Debt	(0)	0	0	0	0	0	0	0	(0)	0	0	0	100.0% CD
Total Debt Service	\$3,550,837	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,550,837	\$0	\$0	\$0	
LESS: Other Funding													
Connection Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Debt
Net Debt Service	\$3,550,837	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,550,837	\$0	\$0	\$0	
Reserve Funding													
To / (From) Operating Reserve	\$264,965	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$264,965	\$0	\$0	\$0	100.0% CD
To / (From) Capital Fund	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
To / (From) Disaster Reserves (15% of O&M)	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
To / (From) Contingency Reserves (10% of O&M)	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
To / (From) Debt / Rate Stabilization Reserves	0	0	0	0	0	0	0	0	0	0	0	0	100.0% CD
Total Reserve Funding	\$264,965	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$264,965	\$0	\$0	\$0	
Total Revenue Requirement	\$31,110,533	\$224,109	\$7,041,500	\$1,721,777	\$1,002,405	\$3,820,931	\$0	\$0	\$15,539,436	\$1,760,375	\$0	\$0	
Less: Non-Operating Revenue													
Rents and Leases	\$61,377	\$442	\$13,892	\$3,397	\$1,978	\$7,538	\$0	\$0	\$30,657	\$3,473	\$0	\$0	As Revenue Requirement
Water Exams - Other Depts.	5,729	41	1,297	317	185	704	0	0	2,861	324	0	0	As Revenue Requirement
Pretreatment Analysis	49,700	358	11,249	2,751	1,601	6,104	0	0	24,825	2,812	0	0	As Revenue Requirement
FOG Disposal Fees	36,230	261	8,200	2,005	1,167	4,450	0	0	18,097	2,050	0	0	As Revenue Requirement
Misc. Revenue - Noc	5,025	36	1,137	278	162	617	0	0	2,510	284	0	0	As Revenue Requirement
Interest	465,781	3,355	105,424	25,778	15,008	57,206	0	0	232,654	26,356	0	0	As Revenue Requirement
Sewer Tap Fees	432,331	3,114	97,853	23,927	13,930	53,098	0	0	215,945	24,463	0	0	As Revenue Requirement
CAP Funding	0	0	0	0	0	0	0	0	0	0	0	0	As Revenue Requirement
Total Other Revenues	\$1,056,173	\$7,608	\$239,052	\$58,453	\$34,031	\$129,717	\$0	\$0	\$527,549	\$59,763	\$0	\$0	
Net Revenue Requirement	\$30,054,360	\$216,501	\$6,802,447	\$1,663,325	\$968,374	\$3,691,214	\$0	\$0	\$15,011,887	\$1,700,612	\$0	\$0	

City of Santa Barbara
Wastewater Rate Study
Exhibit 14
Distribution of Total Revenue Requirement

	FY 2025 Expenses	Residential	Commercial	Commercial High / Industrial	High Strength Surcharge	Basis of Allocation
Volume Related	\$216,501	\$158,028	\$41,286	\$17,187	\$0	(VOL)
Volume w/o HSD Related	6,802,447	4,965,231	1,297,211	540,005	0	(VOL w/o HS)
Total Volume Related	\$7,018,948	\$5,123,259	\$1,338,497	\$557,192	\$0	
Strength Related						
Biochemical Oxygen Demand	\$1,663,325	\$1,146,464	\$299,524	\$200,389	\$16,949	(BOD)
Ammonia	968,374	658,977	172,164	112,622	24,611	(AMN)
Total Suspended Solids	3,691,214	2,520,748	658,568	478,674	33,224	(TSS)
Total Strength Related	\$6,322,912	\$4,326,188	\$1,130,255	\$791,685	\$74,784	
Customer Related						
Actual Customer	\$0	\$0	\$0	\$0	\$0	(AC)
Weighted Customer	0	0	0	0	0	(WCA)
Capacity Demand	15,011,887	12,514,096	2,065,915	431,876	0	(CD)
Capacity Demand w/o HSD	1,700,612	1,417,651	234,036	48,925	0	(CD w/o HSL)
Total Customer Related	\$16,712,499	\$13,931,747	\$2,299,951	\$480,801	\$0	
Revenue Related	\$0	\$0	\$0	\$0	\$0	(RR)
Direct Assignment	\$0	\$0	\$0	\$0	\$0	(DA)
Total Revenue Requirements	\$30,054,360	\$23,381,195	\$4,768,704	\$1,829,677	\$74,784	

City of Santa Barbara
Wastewater Rate Study
Exhibit 15
Cost of Service Analysis Summary

	FY 2025	Single Family	Multi-Family	Commercial	Com - High Strength	High Strength Surcharge
Revenues at Present Rates	\$27,446,904	\$9,611,906	\$11,893,149	\$4,200,062	\$1,673,889	\$67,899
Distributed Revenue Requirement	\$30,054,360	\$10,685,113	\$12,696,082	\$4,768,704	\$1,829,677	\$74,784
<i>Balance / (Deficiency) of Funds</i>	<i>(\$2,607,456)</i>	<i>(\$1,073,207)</i>	<i>(\$802,934)</i>	<i>(\$568,642)</i>	<i>(\$155,788)</i>	<i>(\$6,885)</i>
Required % Change in Rates	9.5%	11.2%	6.8%	13.5%	9.3%	10.1%

City of Santa Barbara
Wastewater Rate Study
Exhibit 16
Unit Costs Summary

	System Average	Single Family	Multi-Family	Commercial	Com - High Strength	High Strength Surcharge
Volume Charge						
Volume Costs - \$ / HCF	\$2.65	\$2.59	\$2.33			\$0.00
BOD Costs - \$ / HCF	0.63	0.58	0.52			0.00
SS Costs - \$ / HCF	0.37	0.33	0.30			0.00
Ammonia Costs - \$ / HCF	1.39	1.27	1.14			0.00
Direct Assgn. - \$ / HCF	0.00	0.00	0.00			0.00
Total	\$5.04	\$4.78	\$4.29	\$6.56	\$7.23	\$0.00
<i>Current Rates</i>		<i>\$4.28</i>	<i>\$4.28</i>	<i>\$5.27</i>	<i>\$6.65</i>	
Base Fee						
Actual Customer - \$ / DW / Eqv Mtr	\$0.00	\$0.00	\$0.00			\$0.00
Weighted Customer - \$ / Eq. Mtrs	0.00	0.00	0.00			0.00
Capacity Demand - \$ / Eq. Mtrs	29.90	29.90	29.90			0.00
Revenue Related - \$ / Eq. Mtrs	0.00	0.00	0.00			0.00
Total	\$29.90	\$29.90	\$29.90	\$53.28	\$66.31	\$0.00
<i>Current Rates</i>		<i>\$27.00</i>	<i>\$27.00</i>	<i>\$51.69</i>	<i>\$59.70</i>	
Basic Data						
Billed Volumes - HCF	2,648,046	1,024,792	1,060,443	376,194	186,617	
Unbilled Volumes - HCF	788,414	477,469	0	240,743	70,203	
Distribution Factor	2,749,883	1,040,384	966,806	524,396	218,296	
Number of Accounts	25,747	16,129	6,965	2,247	406	
Number of Eqv Mtr - All	46,578	16,129	22,699	6,410	1,340	0
Number of Eqv Mtr - Min Bill	45,254	16,129	22,699	5,460	966	
Number of Living Units	41,481	16,129	22,699	2,247	406	

City of Santa Barbara
Wastewater Rate Study
Unit Costs - Pounds

		Single Family	Multi-Family	Commercial	Commercial High/Industrial	High Strength Surcharge
Surcharge per Pounds						
BOD Costs - \$ / lbs	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
TSS Costs - \$ / lbs	0.58	0.58	0.58	0.58	0.58	0.58
Ammonia Costs - \$ / lbs	1.37	1.37	1.37	1.37	1.37	1.37
	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Limits						
BOD		N/A	N/A	< 300	300 - 750	> 750
TSS		N/A	N/A	< 400	400 - 850	> 850
Ammonia		N/A	N/A	< 60	60 - 90	> 90

**City of Santa Barbara
Wastewater Rate Study
Single Family Rates - Proposed Rates**

	<i>Present Rates</i>	FY 2025	FY 2026	FY 2027	FY 2028
Base Fee	<i>\$/Acct.</i>				
Per Account	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
Volume Charge	<i>\$/HCF</i>				
0 - 8	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95
8 +	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

City of Santa Barbara
Wastewater Rate Study
Multi-Family Rates - Proposed Rates

	<i>Present Rates</i>	FY 2025	FY 2026	FY 2027	FY 2028
Fixed Charge	<i>\$/DU</i>				
1 - 4 DU	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
5+ DU	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
Volume	<i>\$/HCF</i>				
All Use	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95

**City of Santa Barbara
Wastewater Rate Study
Commercial Rates**

	<i>Present Rates</i>	FY 2025	FY 2026	FY 2027	FY 2028
Minimum Bill	<i>\$/Acct.</i>				
5/8"	\$51.69	\$53.28	\$58.34	\$63.88	\$69.95
3/4"	77.54	79.92	87.51	95.82	104.92
1"	90.46	93.24	102.10	111.79	122.41
1 1/2"	129.23	133.20	145.85	159.70	174.87
2"	206.76	213.12	233.36	255.52	279.79
3"	387.68	399.60	437.55	479.10	524.61
4"	646.13	666.00	729.25	798.50	874.36
6"	1,292.25	1,332.00	1,458.50	1,597.00	1,748.72
8"	2,067.60	2,131.20	2,333.60	2,555.20	2,797.94
10"	2,972.18	3,063.60	3,354.55	3,673.10	4,022.04
Volume Charge	<i>\$/HCF</i>				
Billed	\$5.27	\$6.56	\$7.18	\$7.86	\$8.61

**City of Santa Barbara
Wastewater Rate Study
Commercial - High Rates**

	<i>Present Rates</i>	FY 2025	FY 2026	FY 2027	FY 2028
Minimum Bill	<i>\$/Acct.</i>				
5/8"	\$59.70	\$66.31	\$72.61	\$79.51	\$87.06
3/4"	89.55	99.47	108.92	119.27	130.59
1"	104.48	116.04	127.07	139.14	152.36
1 1/2"	149.25	165.78	181.53	198.78	217.65
2"	238.80	265.24	290.44	318.04	348.24
3"	447.75	497.33	544.58	596.33	652.95
4"	746.25	828.88	907.63	993.88	1,088.25
6"	1,492.50	1,657.75	1,815.25	1,987.75	2,176.50
8"	2,388.00	2,652.40	2,904.40	3,180.40	3,482.40
10"	3,432.75	3,812.83	4,175.08	4,571.83	5,005.95
Volume Charge	<i>\$/HCF</i>				
Billed	\$6.65	\$7.23	\$7.92	\$8.67	\$9.49

City of Santa Barbara
Wastewater Rate Study
High Strength Surcharge Rates

	<i>Present Rates</i>	FY 2025	FY 2026	FY 2027	FY 2028
Strength Charge	\$ / Lb.				
BOD	\$0.34	\$0.30	\$0.33	\$0.36	\$0.39
TSS	0.48	0.58	0.64	0.70	0.77
Ammonia	1.17	1.37	1.50	1.64	1.80



Wastewater Proposition 218 Notice





NOTICE OF PUBLIC HEARING: PROPOSED CHANGES TO CITY OF SANTA BARBARA WASTEWATER RATES

Date: Tuesday, June 25, 2024, 2:00 p.m.

Place: City of Santa Barbara Council Chambers, City Hall, 735 Anacapa Street, Santa Barbara
Meeting details will be posted no less than 72 hours prior to the start of the Public Hearing on the City Council meeting agenda located at SantaBarbaraCA.gov/CAP

PROPOSED WASTEWATER RATES FOR: FISCAL YEARS 2025, 2026, 2027, AND 2028

You are receiving this notice because our records indicate that you are a City of Santa Barbara utility customer. If you are not a City wastewater customer, please disregard this Notice.

This Notice describes proposed changes to wastewater rates and explains how you can participate in the public process. The City's wastewater rates are based on a comprehensive rate study that uses a rate model to evaluate the cost of wastewater service, as required by Article XIII D, Section 6 of the California constitution.

Why are wastewater rates changing?

The City's wastewater system plays a leading role in the protection of public health and the environment. Maintaining the wastewater system requires a proactive commitment to investing in the capital infrastructure and resources necessary to keep this vital system operating 24 hours a day, 365 days per year. The proposed rate changes will enable the City to meet the needs of the wastewater system, including operation and maintenance costs, capital improvements, mandated standards of treatment, debt service, contingency reserves, and other financial obligations.

What goes into a wastewater bill?

Residential wastewater bills are made up of two key components: (1) a volumetric charge based on water usage, and (2) a fixed monthly base charge. For single-family customers, wastewater volumetric charges are not charged above a certain level of water use. Commercial customers are charged the greater of their volumetric charges or minimum monthly bill amount based on meter size.

How do I stay informed?

- **Watch** City Council meetings online at SantaBarbaraCA.gov/CityTV or tune in to City TV Channel 18.
- **Explore** information on rate changes at SantaBarbaraCA.gov/RateChanges.
- **Contact** City staff at (805) 564-5387.
- **Attend** City Council meetings in person or electronically: visit SantaBarbaraCA.gov/CAP for meeting details.

How will the proposed changes impact my wastewater bill?

The table below shows sample wastewater bills for common service levels.

Customer Class	Account Characteristics	Usage	Total Monthly Wastewater Charges		
		(hcf/mth)	Current Bill	FY 25 Proposed Bill	Difference
Single Family Residential	5/8" meter	8	\$61.24	\$66.14	\$4.90
Multi-Family Residential: 1-4 attached units*	1 unit in a small multi-unit complex	4	\$44.12	\$48.02	\$3.90
Multi-Family Residential: 5 or more attached units**	1 unit in a large multi-unit complex	4	\$44.12	\$48.02	\$3.90
Commercial	1" Meter	14	\$90.46	\$93.24	\$2.78

*Applicable to all accounts serving two to four detached dwelling units, Accessory Dwelling Units served by their own water meter, and all accounts serving a dwelling unit attached to no more than 3 additional dwelling units.

**Applicable to all accounts serving five or more dwelling units, and to accounts serving a dwelling unit attached to 4 or more additional dwelling units.

TABLE 1— WASTEWATER PROPOSED RESIDENTIAL FIXED & VOLUMETRIC RATES

1 HCF (hundred cubic feet) = 748 gallons. FY = fiscal year July 1—June 30

Customer Class	Charge Type	Current	Proposed			
			FY25	FY26	FY27	FY28
Single Family Residential	Monthly Base Charge (\$/Dwelling Unit)	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
	Usage Charge up to 8 HCF (\$/HCF)	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95
Multi-Family Residential 4 or less Dwellings	Monthly Base Charge (\$/Dwelling Unit on account)	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
	Usage Charge (\$/HCF)	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95
Multi-Family Residential 5+ Dwellings	Monthly Base Charge (\$/Dwelling Unit on account)	\$27.00	\$29.90	\$32.74	\$35.85	\$39.26
	Usage Charge (\$/HCF)	\$4.28	\$4.53	\$4.96	\$5.43	\$5.95

Commercial and Commercial High Strength/Industrial customers are charged a fixed charge dependent on meter size (Tables 2-3), or a volumetric charge dependent on the quantity of water consumed (Table 4), whichever is greater.

TABLE 2— WASTEWATER PROPOSED COMMERCIAL FIXED CHARGES BY METER SIZE

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current	\$51.69	\$77.54	\$90.46	\$129.23	\$206.76	\$387.68	\$646.13	\$1,292.25	\$2,067.60	\$2,972.18
FY 2025	\$53.28	\$79.92	\$93.24	\$133.20	\$213.12	\$399.60	\$666.00	\$1,332.00	\$2,131.20	\$3,063.60
FY 2026	\$58.34	\$87.51	\$102.10	\$145.85	\$233.36	\$437.55	\$729.25	\$1,458.50	\$2,333.60	\$3,354.55
FY 2027	\$63.88	\$95.82	\$111.79	\$159.70	\$255.52	\$479.10	\$798.50	\$1,597.00	\$2,555.20	\$3,673.10
FY 2028	\$69.95	\$104.92	\$122.41	\$174.87	\$279.79	\$524.61	\$874.36	\$1,748.72	\$2,797.94	\$4,022.04

TABLE 3— WASTEWATER PROPOSED COMMERCIAL HIGH STRENGTH/INDUSTRIAL FIXED CHARGES BY METER SIZE

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Current	\$59.70	\$89.55	\$104.48	\$149.25	\$238.80	\$447.75	\$746.25	\$1,492.50	\$2,388.00	\$3,432.75
FY 2025	\$66.31	\$99.47	\$116.04	\$165.78	\$265.24	\$497.33	\$828.88	\$1,657.75	\$2,652.40	\$3,812.83
FY 2026	\$72.61	\$108.92	\$127.07	\$181.53	\$290.44	\$544.58	\$907.63	\$1,815.25	\$2,904.40	\$4,175.08
FY 2027	\$79.51	\$119.27	\$139.14	\$198.78	\$318.04	\$596.33	\$993.88	\$1,987.75	\$3,180.40	\$4,571.83
FY 2028	\$87.06	\$130.59	\$152.36	\$217.65	\$348.24	\$652.95	\$1,088.25	\$2,176.50	\$3,482.40	\$5,005.95

TABLE 4— WASTEWATER PROPOSED VOLUMETRIC RATES (\$/HCF)

Customer Class	Current	Proposed			
		FY25	FY26	FY27	FY28
Commercial	\$5.27	\$6.56	\$7.18	\$7.86	\$8.61
Commercial High Strength/Industrial	\$6.65	\$7.23	\$7.92	\$8.67	\$9.49

TABLE 5— WASTEWATER PROPOSED STRENGTH SURCHARGES (\$/LB)***

	Current	FY25	FY26	FY27	FY28
BOD (>750 mg/l)	\$0.34	\$0.30	\$0.33	\$0.36	\$0.39
TSS (>850 mg/l)	\$0.48	\$0.58	\$0.64	\$0.70	\$0.77
Ammonia (>90 mg/l)	\$1.17	\$1.37	\$1.50	\$1.64	\$1.80

***If the City's Water Resources Laboratory determines that a customer has exceeded the high strength discharge limit for Biochemical Oxygen (BOD), Total Suspended Solids (TSS), or Ammonia, a surcharge will be assessed for each constituent in excess of its relative limit.

How do I protest? If you wish to submit a written protest of any of the above increases, your protest must be received by the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to the close of the public hearing on June 25, 2024. **Protests must include your name, service address, and whether you are protesting the amount of the fee increase, the basis for calculation of the fee, or both.** Written protests may be mailed to or delivered in-person at the address above, or deposited in the bill payment drop box slot located on the exterior of the City Hall building on the De La Guerra Plaza side. Only written protests received before the close of the public hearing on June 25, 2024, will be counted. During the hearing, City Council will consider all protests and public testimony. Protests are public records. One written protest per parcel or service address will be tabulated. If you later challenge the rates in court, you may be limited to the grounds stated in your protest. If you challenge the City's rate setting action in court, you may be limited to the issues and grounds raised in a written protest or in public testimony at the public hearing. There is a 120-day statute of limitation for challenging any new, increased, or extended fee or charge (California Government Code Section 53759).