

TO: FINANCE AND AUDIT COMMITTEE

FROM: MARIO IGLESIAS  
GENERAL MANAGER



DATE: APRIL 3, 2020

**AGENDA ITEM**

**2**

**APRIL 6, 2020**

**CONSIDER NORMALIZING FUTURE WATER RATE STRUCTURE  
TO ACCOUNT FOR THE SCHEDULED  
PURCHASE OF SUPPLEMENTAL WATER**

**ITEM**

Consider normalizing future water rate adjustments to minimize the financial impact on Nipomo Community Services District water customers when the required purchase of 1,667-acre feet (66.67% of 2,500-acre feet) of supplemental water begins in July 1, 2025. [RECOMMEND REVIEW, DISCUSS, AND DIRECT STAFF]

**DISCUSSION**

At your March 5, 2020, Finance and Audit Committee ("Committee") Meeting, staff presented a report outlining two issues influencing future water rates for your committee's review. The first issue considered the "Pass-through Costs" with the City of Santa Maria, and the second was the issue dealing with the impact on water rate adjustment needed in Fiscal Year 2025-26 ("FY-26"). Tuckfield and Associates ("Consultant") was commissioned to assist District staff in the evaluation of the issues and presented the findings at your March 5 Committee Meeting.

**PASS-THROUGH COSTS**

Pass-through costs are unique expenditures in the sense that they are not subject to a Proposition 218 Majority Protest Vote (Prop. 218) by consumers. These costs are strictly to recover costs imposed on the District by the City that were not included in the District's approved rate structure. Because the District and the City conduct rate studies on different time intervals, the District must consult with the City on their future water rates. The City estimates water rate increases and the District includes these estimated costs in the rate studies it puts before customers in its Prop. 218 initiative.

The District reached an agreement with the City to shift the pass-through energy cost period from July to January and will not impose the adjustment on the District until January 2021. There is no pass-through rate adjustment necessary at this time. Staff will revisit the issue with your Committee in September 2020.

**FINANCIAL IMPACT OF 1,667 AFY**

At your March 5, 2020 Committee Meeting, staff was directed to evaluate normalizing water rate increases over a 10 year period ending in Fiscal Year 2028-29. This period of time includes FY-26 when the District's import water purchase obligations will increase 150%. The financial impact to water rates that District ratepayers could see range from 70% to 80% in FY-26 over current water costs.

The Consultant created an estimated adjustment range using two growth scenarios. Under a no growth model – establishing a worst-case scenario – the higher rate adjustment of 80% over

current rates could be expected. When a 0.5% annual growth in water customers is factored into the calculations, the estimated water rate adjustment drops to 70.6%.

**NORMALIZING RATE ADJUSTMENTS**

The 2017 Rate Study looked at the financial needs of the Water Enterprise up to year 2022 with the last approved rate adjustment of 4.5% put into effect on December 1, 2021. Under the allowable 5-year rate study cycle, the District would consider engaging a rate consultant in March of 2022 in order to prepare a rate study for Board and public review and adoption in time for a December 2022 rate adjustment.

Table 1. Water Financial Plan, listed below, shows the actual 2017 Study and projected rate adjustments necessary to maintain financial stability through FY-29 with a 0.0% growth and a 0.5% growth projection. The 2017 Study put the Water Enterprise in a position such that rates in the three subsequent years following the 2017 Study, FY-23 through FY-25, did not need to be adjusted. However, when the District reaches FY-26, the first year that the District must take or pay for 1,667 AFY, it is estimated that a significant rate adjustment will be necessary. With no growth in the District, it is anticipated that a 54.7% rate adjustment will be required. At best, with 0.5% growth, a 46.8% rate adjustment will be necessary to meet the financial obligation to take or pay for the full obligation identified in the Agreement, assuming no rate increases for three years in FY 2022-23, 2023-24 and 2024-25.

Table 1. Water Financial Plan

	<b>December 1 of Fiscal Year</b>	<b>No Growth</b>	<b>0.5% Annual Growth</b>
<b>2017 Study</b>	2017-18		9.2%
	2018-19		9.2%
	2019-20		9.2%
	2020-21		14.7%
	2021-22		4.5%
<b>Projected Rates</b>	2022-23	0.0%	0.0%
	2023-24	0.0%	0.0%
	2024-25	0.0%	0.0%
	2025-26	54.7%	46.8%
	2026-27	4.5%	4.5%
	2027-28	4.5%	4.5%
	2028-29	4.5%	4.5%

At your Committee's direction, staff evaluated an approach to meeting the Water Enterprise funding requirements while normalizing rate adjustments through the planning period Fiscal Year 2028-29. Below, Table 2. Rate Normalization, demonstrates how water rate adjustments over

this time period can be constructed to provide for the District's financial needs while keeping rate adjustments at a manageable level for District customers.

Table 2. Rate Normalization

	Fiscal Year	No Growth	0.5% Annual Growth	0.5% Annual Growth	(HCF) Volume Rate
2017 Study	2017-18		9.20%		
	2018-19		9.20%		
	2019-20		9.20%		\$ 5.95
	2020-21		14.70%	14.70%	\$ 6.92
	2021-22		4.50%	6.20%	\$ 7.35
Projected Rates	2022-23	0.00%	0.00%	6.20%	\$ 7.81
	2023-24	0.00%	0.00%	6.20%	\$ 8.29
	2024-25	0.00%	0.00%	6.20%	\$ 8.80
	2025-26	54.70%	46.80%	6.20%	\$ 9.35
	2026-27	4.50%	4.50%	6.20%	\$ 9.93
	2027-28	4.50%	4.50%	6.20%	\$ 10.55
	2028-29	4.50%	4.50%	6.20%	\$ 11.20

The rate adjustments in the proposed scenario above demonstrate a possible benefit to rate payers if the District initiates a five year rate study in 2021 and normalizes rates at the pace suggested in the rate adjustment schedule in Table 2. These are the percentage rate increases needed in total, regardless of how we collect the fees from District customers (i.e. monthly versus bi-monthly).

**FISCAL IMPACT**

The fiscal impact to the Water Enterprise when purchased supplemental water reaches the minimum take or pay amount of 1,667 AFY is significant. It is inevitable that this cost will have a significant impact on the District's water rate payers. The cost of hiring a consultant to define the impact, as well as staff time to work with the consultant and draft the staff report is included in this year's budget.

**STRATEGIC PLAN**

Strategic Plan Goal 6. – Governance and Administration. Periodically review, update and reaffirm District policies and procedures.

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

- A.3 Develop a Near-, Mid-, and Long-Term Plan to Pay for Take-or-Pay Water. Evaluate potential and options for ramping rates over time compared to making rate jumps as the water becomes available.

**RECOMMENDATION**

It is recommended that the Committee receive the Consultant's analysis, review information provided in this staff report, take public comment, discuss and provide direction to staff.

**ATTACHMENTS**

- A. Tuckfield and Associates, Table 10 – Water Financial Plan (0.5% Residential Customer Growth)
- B. NCSD March 5, 2020 Staff Report - SUPPLEMENTAL WATER PURCHASE – A FINANCIAL IMPACT REVIEW AND RATE PROJECTION

APRIL 6, 2020

ITEM 2

ATTACHMENT A

Table 10  
Water Financial Plan (Fund 125)

0.5% Residential Customer Growth

Description	Projected									
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
<b>Proposed Revenue Increase (December 1)</b>				6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
<b>Proposed Revenue Increase (January 1)</b>				6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
<b>Revenue</b>										
Revenues from Existing Water Rates [1]	\$5,459,826	\$6,217,857	\$6,565,606	\$6,592,636	\$6,619,667	\$6,646,697	\$6,673,728	\$6,700,758	\$6,727,783	\$6,754,811
Total Additional Water Sales Revenue [2]	-	-	203,534	625,786	1,077,728	1,561,317	2,078,633	2,631,896	3,223,469	3,855,876
Miscellaneous Income	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Transfer from Property Tax Fund	699,000	705,990	713,050	720,181	727,383	734,657	742,004	749,424	750,100	749,300
Interest Income [3]	69,602	78,982	91,902	114,305	143,135	178,402	184,921	161,127	140,492	123,747
<b>Total Revenues</b>	<b>\$6,438,428</b>	<b>\$7,212,829</b>	<b>\$7,784,092</b>	<b>\$8,262,908</b>	<b>\$8,777,913</b>	<b>\$9,331,073</b>	<b>\$9,889,286</b>	<b>\$10,453,205</b>	<b>\$11,051,844</b>	<b>\$11,693,734</b>
<b>Revenue Requirements</b>										
O&M and Capital Outlay	\$3,513,908	\$3,659,412	\$3,836,636	\$3,958,031	\$4,122,888	\$4,307,493	\$4,083,852	\$4,245,016	\$4,450,442	\$4,607,451
Replacement Transfer to Fund 805	610,000	625,000	641,000	657,000	673,000	690,000	707,000	725,000	743,000	762,000
Supplemental Water Purchases	1,016,694	1,445,209	1,515,530	1,591,192	1,670,187	1,751,857	4,597,153	4,823,014	5,063,879	5,311,429
Supplemental Water O&M	95,752	98,719	101,842	105,065	108,389	111,818	532,993	550,455	568,484	587,101
Supplemental Water Overhead	14,363	14,808	15,276	15,760	16,258	16,773	79,949	82,568	85,273	88,065
Supplemental Water Replacement	149,439	149,439	149,439	149,439	149,439	149,439	149,439	149,439	149,439	149,439
2013 COPs Debt Service	531,288	532,413	533,025	533,100	527,900	527,000	530,200	528,100	525,800	528,200
2013A Revenue Refunding Bonds Debt Service	222,800	221,675	220,300	218,675	223,675	226,175	221,300	223,050	224,300	221,100
<b>Total Revenue Requirements</b>	<b>\$6,154,244</b>	<b>\$6,746,675</b>	<b>\$7,013,048</b>	<b>\$7,228,262</b>	<b>\$7,491,736</b>	<b>\$7,780,555</b>	<b>\$10,901,886</b>	<b>\$11,326,642</b>	<b>\$11,810,617</b>	<b>\$12,254,785</b>
<b>Net Funds Available</b>	<b>\$284,185</b>	<b>\$466,155</b>	<b>\$771,044</b>	<b>\$1,034,646</b>	<b>\$1,286,177</b>	<b>\$1,550,518</b>	<b>(\$1,012,600)</b>	<b>(\$873,437)</b>	<b>(\$758,773)</b>	<b>(\$561,051)</b>
<b>Available Reserves</b>										
Beginning available reserves [4]	\$2,642,000	\$2,926,185	\$3,392,339	\$4,163,383	\$5,198,029	\$6,484,206	\$8,034,724	\$7,022,124	\$6,148,687	\$5,389,914
Additions (reductions)	284,185	466,155	771,044	1,034,646	1,286,177	1,550,518	(1,012,600)	(873,437)	(758,773)	(561,051)
Ending available reserves	\$2,926,185	\$3,392,339	\$4,163,383	\$5,198,029	\$6,484,206	\$8,034,724	\$7,022,124	\$6,148,687	\$5,389,914	\$4,828,863
Target Reserves [5]	\$3,514,000	\$3,659,000	\$3,837,000	\$3,958,000	\$4,123,000	\$4,307,000	\$4,084,000	\$4,245,000	\$4,450,000	\$4,607,000
Above (below) Target	(\$587,816)	(\$266,661)	\$326,383	\$1,240,029	\$2,361,206	\$3,727,724	\$2,938,124	\$1,903,687	\$939,914	\$221,863
<b>Debt Service Coverage</b>										
Net Revenues [6]	\$2,532,679	\$2,657,042	\$3,002,427	\$3,307,253	\$3,577,697	\$3,863,821	\$1,342,615	\$1,522,414	\$1,684,779	\$1,934,026
Annual Debt Service	\$754,088	\$754,088	\$753,325	\$751,775	\$751,575	\$753,175	\$751,500	\$751,150	\$750,100	\$749,300
Coverage [7]	336%	352%	399%	440%	476%	513%	179%	203%	225%	258%

[1] Projected using the existing rates.  
 [2] Additional revenue from proposed rate adjustments.  
 [3] Interest earnings on the average fund balance calculated at 2.50%.  
 [4] The available beginning FY 19-20 cash balance provided by District. Includes Operating Reserve and Rate Stabilization Reserve.  
 [5] Target reserve estimated at 12 months of operation and maintenance expense.  
 [6] Includes water revenues, capacity charge revenue, property tax revenue, miscellaneous, and interest income.  
 [7] Minimum coverage is 125 percent.

APRIL 6, 2020

ITEM 2

ATTACHMENT B

TO: FINANCE AND AUDIT COMMITTEE

REVIEWED: MARIO IGLESIAS  
GENERAL MANAGER

FROM: LISA BOGNUDA  
FINANCE DIRECTOR

DATE: FEBRUARY 28, 2020

## AGENDA ITEM

# 2

MARCH 5, 2020

### SUPPLEMENTAL WATER PURCHASE – A FINANCIAL IMPACT REVIEW AND RATE PROJECTION

#### ITEM

Review and discuss Nipomo Community Services District pass-through adjustment procedures and evaluate the financial impact that purchasing 1,667 acre feet (66.67% of 2,500 acre feet) of supplemental water from the City of Santa Maria beginning July 1, 2025 may have on water rates. [RECOMMEND REVIEW, DISCUSS, AND DIRECT STAFF]

#### DISCUSSION

The Nipomo Community Services District (“District”) purchases water from the City of Santa Maria (“City”) under the Wholesale Water Purchase Agreement (“Agreement”). The cost and amount of water the District is obligated to take or pay for is defined in the Agreement. Currently, the District is obligated to take or pay for a minimum of 533 acre-feet annually (“AFY”) while Golden State Water Company (“GSWC”) and Woodlands Mutual Water Company (“WMWC”) are obligated to take or pay the balance of 800 AFY. Under the Agreement, the minimum take or pay amount of water will increase to 1,000 AFY in July 2020 and 2,500 AFY in July 2025 – each water purveyor to pay for the amount of water defined in an October 16, 2015 Supplemental Water Management and Groundwater Replenishment Agreement.

The cost of import water and the impact it has on the District’s rate payers will increase and become more significant as the full obligation of the Agreement is realized. Tuckfield and Associates (“Consultant”) was commissioned by the District to (1) determine the pass-through adjustment necessary, if any, to adjust the current water rates and (2) develop a financial model that estimates the economic impact on rate payers with the increasing import water obligations through Fiscal Year 2029 (“FY-29”). The current rates are a result of the 2017 Rate Study (“2017 Study”) adopted that same year by the District’s Board of Directors. The last rate adjustment in the 2017 Study becomes effective December 1, 2021.

#### PASS THROUGH ADJUSTMENT

Resolution 2017-1460, Section 2, states the following:

*Increases or decreases in wholesale water costs that the City of Santa Maria charges to the District, including but not limited to any surcharges, supplemental charges, changes to the Base Rate, or changes in energy costs, as provided for in the Wholesale Water Supply Agreement dated May 7, 2013, will be passed through to customers in accordance with Government Code section 53756.*

A pass-through adjustment is a cost that is not subject to a Proposition 218 Majority Protest Vote. It is meant to recover costs imposed on the District by the City that were not included in the District’s approved rate structure. The District and the City conduct rate studies on different time



intervals: a 5 year cycle for the District and a 4 year cycle for the City. The District consults with the City and includes in the District's rate study, the anticipated rate increases from the City. If the City's rates are higher or lower than originally contemplated, then the District may need to adjust its rates. If additional funding is required to meet higher City water rates, those costs are included in a process aimed at recovering sufficient funding to pay for the added cost of water the District is obligated to purchase from the City. The District has a Water Enterprise Stabilization Fund that can help manage these variations when appropriate.

The District recently reached an agreement with the City to shift the cost pass-through period from July to January. Therefore, the City has agreed to wait to impose any water rate adjustments on the District in January 2021 instead of July 2020. There is no pass-through rate adjustment necessary at this time. Staff will revisit the issue in September and bring the matter before the Finance and Audit committee, if necessary.

#### FINANCIAL IMPACT OF 1,667 AFY

Included in the 2017 Study is the financial impact on rate payers for the July 2020 increase in import water costs. The District's take or pay obligation increases from 533 AFY to the 667 AFY in July 2020 and results in a 14.7% rate increase beginning December 2020.

A significant percentage of the July 2020 rate increase is directly related to the purchase of import water from the City. In Fiscal Year 2025-26 ("FY-26") import water purchase under the obligations of the Agreement will increase 150%. The financial impact to water rates that District rate payers will see in July 2020 represents a 20% increase in purchased water, for an additional 133 AFY. With the knowledge of the 150% increase in water purchase looming, District staff was compelled to research and define potential impacts that rate payers could see with the 1,667 AFY obligation set for FY-26.

The Consultant's findings estimate a water rate adjustment ranging from 70% to 80% in FY-26 over current water costs. The Consultant created an estimated adjustment range using two growth scenarios. Under a no growth model – establishing a worst case scenario – the higher rate adjustment of 80% over current rates could be expected. Under this scenario, a Hundred Cubic Feet ("HCF") of water, the amount of water equal to a billing unit (Unit) is estimated to cost \$12.57. With this estimate, the average single family residential ("SFR") customer using 22 Units of water would see a \$145.69 increase in their water bill. The current bi-monthly cost of \$182.49 is estimated to increase to \$328.18.

When a 0.5% annual growth in water customers is factored into the calculations, the estimated water rate adjustment drops from 79.8% with zero growth to 70.6%. In this scenario the average SFR customer using 22 Units of water will see their water bill raise \$128.78 every two months. The cost per Unit is estimated to be \$12.09, bringing the average two month water bill in FY-26 to \$311.27 from the current \$182.49.

#### BALANCING RATE ADJUSTMENTS

The 2017 Study looks at the financial needs of the Water Enterprise up to year 2022 with the last approved rate adjustment of 4.5% put into effect on December 1, 2021. The District would consider engaging a rate consultant in March of 2022 in order to prepare a rate study for Board and public review and adoption in time for a December 2022 rate adjustment if necessary.

Table 1 Water Financial Plan, listed below, shows the actual 2017 Study and projected rate adjustments necessary to maintain financial stability through FY-29 with the 0.5% growth projection. The 2017 Study put the Water Enterprise in a position such that rates in the three subsequent years following the 2017 Study, FY-23 to FY-25, did not need to be adjusted. However, when the District reaches FY-26, the first year that the District must take or pay for 1,667 AFY, it is estimated that a significant rate adjustment will be necessary. With no growth in the District, it is anticipated that a 54.7% rate adjustment will be required. At best, with 0.5% growth, a 46.8% rate adjustment will be necessary to meet the financial obligation to take or pay for the full obligation identified in the Agreement.

Table 1. Water Financial Plan

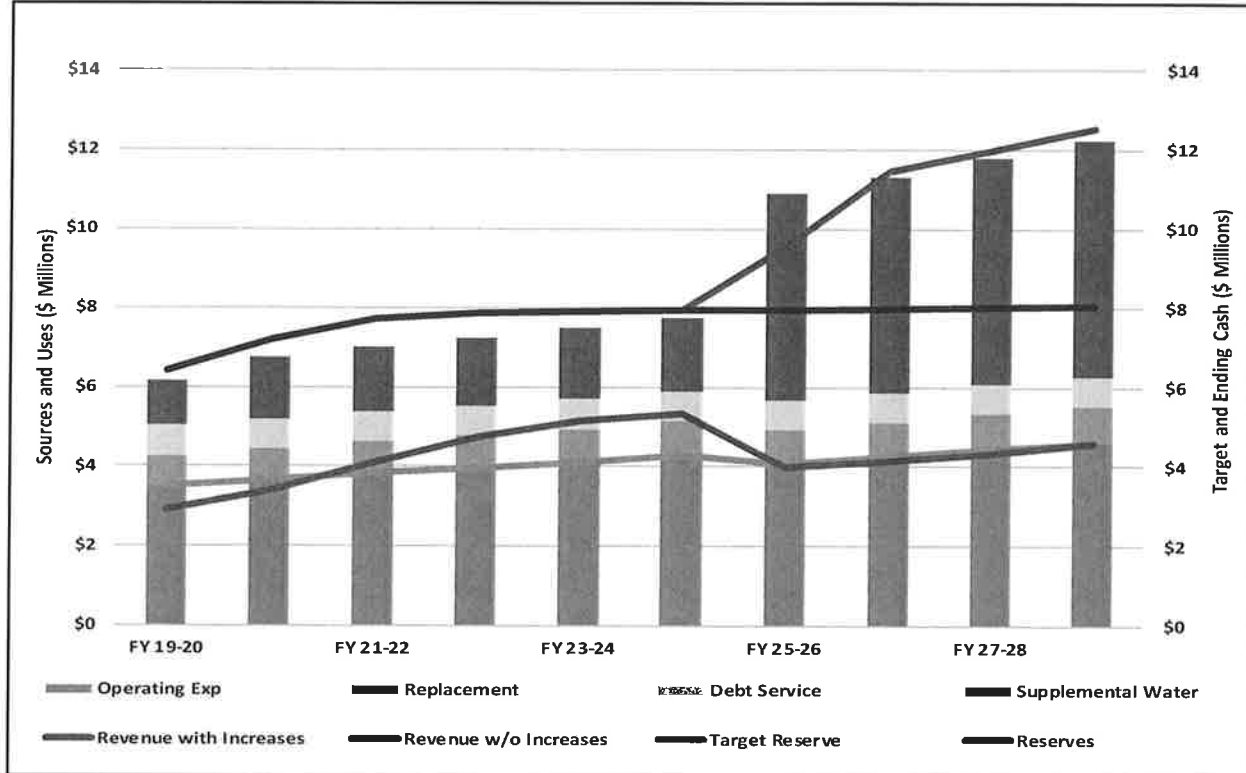
	<b>December 1 of Fiscal Year</b>	<b>No Growth</b>	<b>0.5% Annual Growth</b>
<b>2017 Study</b>	2017-18		9.2%
	2018-19		9.2%
	2019-20		9.2%
	2020-21		14.7%
	2021-22		4.5%
<b>Projected Rates</b>	2022-23	0.0%	0.0%
	2023-24	0.0%	0.0%
	2024-25	0.0%	0.0%
	2025-26	54.7%	46.8%
	2026-27	4.5%	4.5%
	2027-28	4.5%	4.5%
	2028-29	4.5%	4.5%

Staff recommends evaluating an approach to meeting the Water Enterprise funding requirements that is less severe than expressed in Table 1, above and depicted in Graph 1 Water Enterprise 10 Year Financial Position, below. There are opportunities within the schedule of rate adjustments to reduce the FY-26 increase of 45% to a percentage more accepting to the rate payers by placing some of the increase in FY-23, FY-24, and FY-25. It may be more appealing to rate payers and less confrontational in a Proposition 218 Majority Protest Vote to evaluate this option for reaching the necessary funding levels to sustain the financial integrity of the Water Enterprise.

In so far as rebalancing an effective path to financial stability, an evaluation could include all years where rates have yet to be adjusted, starting with the December 1, 2021 rate adjustment. It may be beneficial to rate payers to conduct a five year rate study before 2022. A rate study may be warranted now that there is a newly developed understanding of the long-range financial impact that anticipated water consumption and customer growth rates are much lower than anticipated in the early planning stages of the Supplemental Water Project.

The graphical depiction below shows the Water Enterprise financial position with 0.5% customer growth over the 10 year study period, FY-20 to FY-29. While it is estimated that by the end of the study period the resulting rate estimate of \$12.09/Unit may be necessary, reshaping the path leading to this estimated rate adjustment could provide the District with a more manageable rate adjustment schedule.

Graph 1. Water Enterprise 10 Year Financial Position



**FISCAL IMPACT**

The fiscal impact to the Water Enterprise when purchased supplemental water reaches the minimum take or pay amount of 1,667 AFY is significant. It is inevitable that this cost will have a significant impact on the District’s water rate payers. The cost of hiring a consultant to define the impact, as well as staff time to work with the consultant and draft the staff report is in the budget.

**STRATEGIC PLAN**

Strategic Plan Goal 6. – Governance and Administration. Periodically review, update and reaffirm District policies and procedures.

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

- A.3 Develop a Near-, Mid-, and Long-Term Plan to Pay for Take-or-Pay Water. Evaluate potential and options for ramping rates over time compared to making rate jumps as the water becomes available.

**RECOMMENDATION**

It is recommended that the Committee receive the Consultant's presentation, review information provided in this staff report, take public comment, discuss and provide direction to staff.

**ATTACHMENTS**

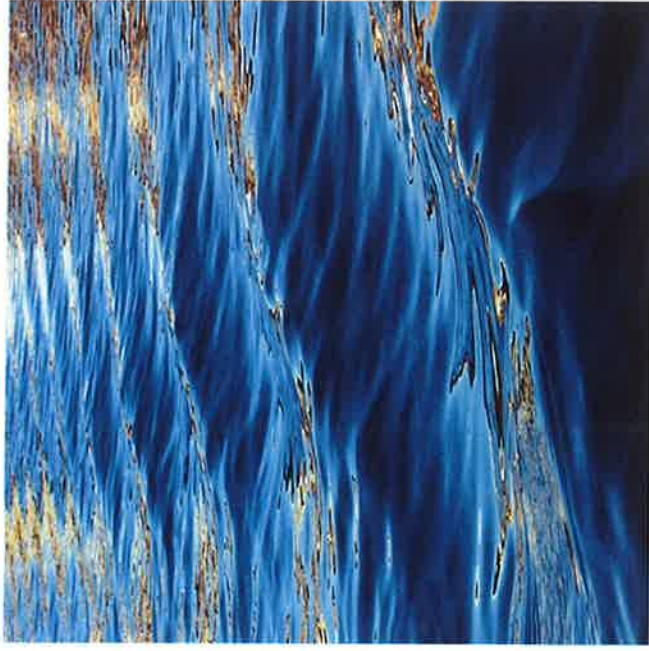
- Tuckfield and Associates, 2020 Power Point Presentation

# Water Financial Plan and Pass-Through Adjustment

## Presentation of Results

Nipomo Community Services District

Presented By: Clayton Tuckfield, PE MBA  
Tuckfield & Associates  
March 5, 2020



# Presentation Topics

- Impact of 2,500 AFY (1,667 AFY District Share) of Supplemental Water on Water Rates
  - Two Scenarios
    - No customer growth
    - Half percent annual residential customer growth
- Supplemental Water Pass-Through Rate Adjustment
  - Date changes related to Santa Maria rate increases

# Water Financial Plan

with 2,500 AFY (1,667 AFY District Share) of Supplemental Water in FY 25-26

December 1 of Fiscal Year	No Customer Growth	0.5% Annual Residential Customer Growth
2020-21	14.7% [1]	14.7% [1]
2021-22	4.5% [1]	4.5% [1]
2022-23	0.0%	0.0%
2023-24	0.0%	0.0%
2024-25	0.0%	0.0%
2025-26	54.7%	46.8%
2026-27	4.5%	4.5%
2027-28	4.5%	4.5%
2028-29	4.5%	4.5%

[1] Rate changes already adopted in last Proposition 218 public hearing.

# Estimated Future Water Rates

0.5%  
Annual  
Residential  
Growth

**Bi-Monthly Fixed Charges**

	Current Rate	December 1, FY 20-21	December 1, FY 21-22	January 1, FY 25-26	January 1, FY 25-26
				No Growth	
Meter Size	Fixed Charge (\$ per bi-month)				[1]
5/8 thru 1 inch	\$51.59	\$58.26	\$60.15	\$51.64	\$46.83
1-1/2 inch	\$60.87	\$67.97	\$69.74	\$55.68	\$50.53
2 inch	\$78.43	\$87.05	\$88.97	\$66.25	\$60.18
3 inch	\$178.85	\$200.11	\$204.56	\$142.23	\$129.34
4 inch	\$228.44	\$253.78	\$258.52	\$171.20	\$155.76
6 inch	\$372.90	\$406.41	\$410.27	\$240.72	\$219.28
8 inch	\$538.01	\$580.83	\$583.68	\$320.18	\$291.87

## Bi-monthly Variable Rates

Classification	Current Rate	December 1, FY 20-21	December 1, FY 21-22	January 1, FY 25-26	January 1, FY 25-26
				[1]	[1]
	Variable Charge (\$ per HCF)				[1]
All Consumption	\$5.95	\$6.92	\$7.17	\$12.57	\$12.09

[1] Rates are based on previous cost allocations in July 2017 rate study.



# Pass-Through Supplemental Water Rate Increase

- No pass-through rate adjustment necessary at this time
- District has worked out a new date for supplemental water rate increases with Santa Maria
  - Date of future rate increases will be January 1 of each FY
  - Previous date was July 1 of each FY



# Discussion

Water Financial Plan and Pass-Through



# Impact to SFR Water Bills

## No Customer Growth

- Average SFR customer will see an increase of \$145.69 every two months, an increase of 79.8% over current bill

Description	Use (HCF)	Current Bill			Proposed FY 25-26 Bill				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$51.59	\$0.00	\$51.59	\$51.64	\$0.00	\$51.64	\$0.05	0.1%
Very Low	5	\$51.59	\$29.75	\$81.34	\$51.64	\$62.85	\$114.49	\$33.15	40.8%
Low	10	\$51.59	\$59.50	\$111.09	\$51.64	\$125.70	\$177.34	\$66.25	59.6%
Median	18	\$51.59	\$107.10	\$158.69	\$51.64	\$226.26	\$277.90	\$119.21	75.1%
Average	22	\$51.59	\$130.90	\$182.49	\$51.64	\$276.54	\$328.18	\$145.69	79.8%
High	40	\$51.59	\$238.00	\$289.59	\$51.64	\$502.80	\$554.44	\$264.85	91.5%
Very High	50	\$51.59	\$297.50	\$349.09	\$51.64	\$628.50	\$680.14	\$331.05	94.8%
	75	\$51.59	\$446.25	\$497.84	\$51.64	\$942.75	\$994.39	\$496.55	99.7%
	100	\$51.59	\$595.00	\$646.59	\$51.64	\$1,257.00	\$1,308.64	\$662.05	102.4%