

TRIUNFO

WATER AND SANITATION DISTRICT

Potable, Recycled, and Wastewater Financial Plans

February 5, 2020



Agenda

- Financial Planning Objectives
- Potable and Recycled Water Financial Plans
 - › Status Quo
 - › Proposed Adjustments
- Wastewater Financial Plan
 - › Status Quo
 - › Proposed Adjustments
- Next Steps
- Questions



Financial Planning Objectives

- Forecast financial plan over a 10-year period to maintain financial sufficiency
 - › Operations and maintenance (O&M)
 - › Capital improvement plan (CIP) and funding
 - › Reserve funding
 - › Debt coverage
- Evaluate ability of current revenues to meet forecasted expenses
- Develop a 5-year revenue adjustment schedule to provide sustainable revenue
- Comply with Proposition 218 requirements



Potable and Recycled Water Financial Plans



Key Assumptions

- Study period: FY 2020 - FY 2029
 - › Based on adopted or modified FY 2020 budget
 - › Revenue adjustments for FY 2021 - FY 2025
- No account or usage growth
- Revenue inflation
 - › Reserve interest rate: 1%
 - › Non-rate revenues: 0%
- Expense inflation
 - › General: 3%
 - › Salary: 3%
 - › Benefits: 3%
 - › Water Supply/Utilities: 5%
 - › Capital: 4%



Current Potable Water Rates

| Monthly Service Charge | FY 2020 Charges | |
|------------------------|------------------|------------------------|
| 3/4" | \$29.74 | |
| 1" | \$46.94 | |
| 1 1/2" | \$89.99 | |
| 2" | \$141.64 | |
| 3" | \$305.2 | |
| 4" | \$546.23 | |
| 6" | \$1,209.09 | |
| Quantity Rates | Tier Width (hcf) | FY 2020 Rates (\$/hcf) |
| Tier 1 | 7 | \$6.34 |
| Tier 2 | 28 | \$7.20 |
| Tier 3 | >28 | \$8.83 |

Automatic Fire Sprinklers pay 3/4" service charge and Tier 3 quantity rate



Current Recycled Water Rates

| Monthly Service Charge | FY 2020 Charges |
|------------------------|-----------------|
| 2" | \$153.66 |
| 3" | \$288.09 |
| 4" | \$480.16 |
| 6" | \$960.24 |
| Quantity Rates | FY 2020 Rates |
| Retail (\$/hcf) | \$5.06 |
| Wholesale (\$/AF) | \$1,138.40 |



Accounts by Meter Size FY 2019

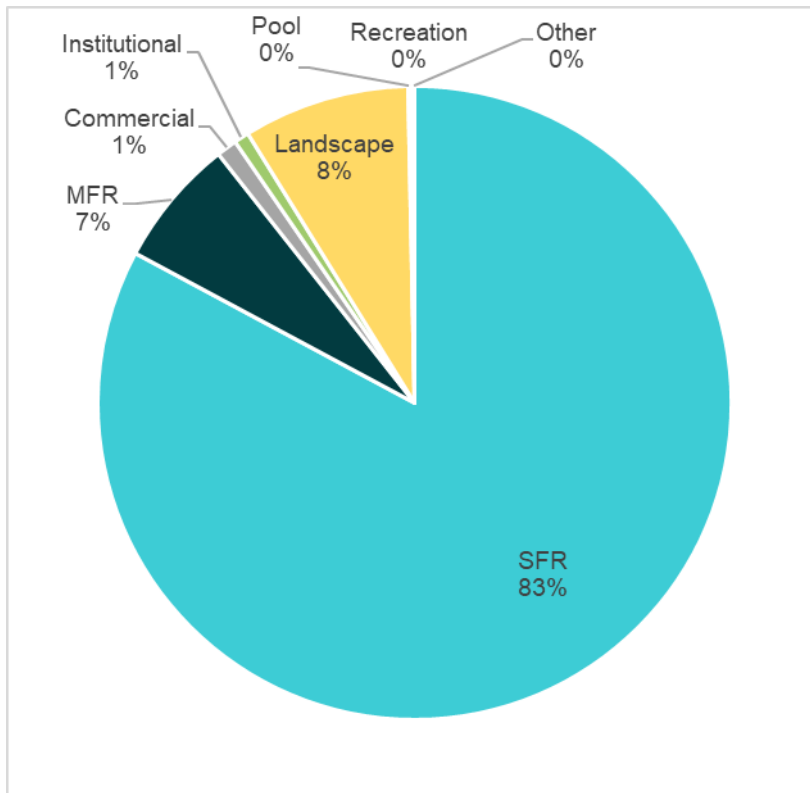
| Meter Size | Potable Water Accounts | Recycled Water Accounts |
|--------------|------------------------|-------------------------|
| 3/4" | 4,877 | |
| 1" | 63 | |
| 1 1/2" | 22 | |
| 2" | 198 | 98 |
| 3" | 6 | 2 |
| 4" | 3 | 4 |
| 6" | 0 | 1 |
| Total | 5,169 | 105 |

FY 2019 represents the accounts for the entire study period since there is no usage or account growth

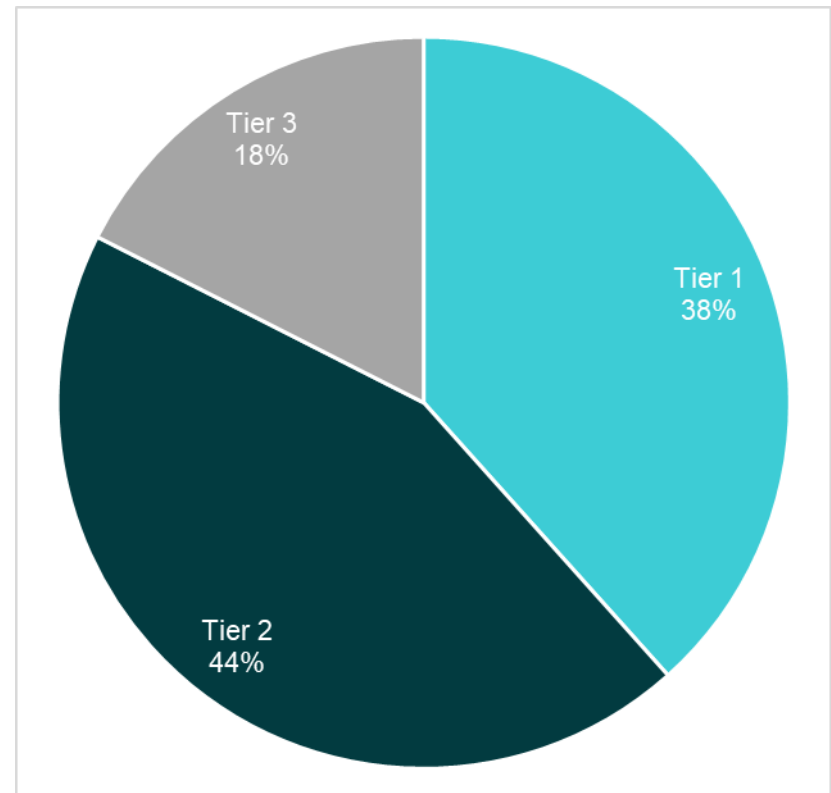


Potable Water Usage FY 2019

By Class

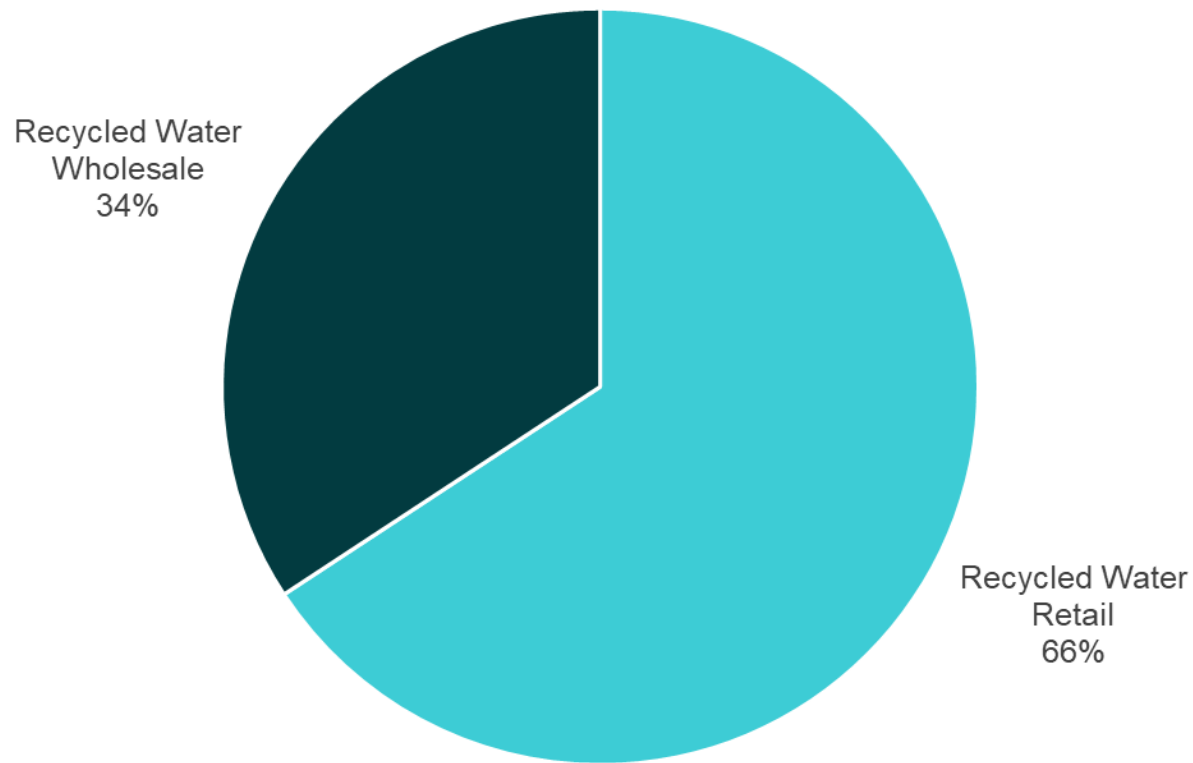


By Tier



FY 2019 represents the annual usage for the entire study period since there is no usage or account growth

Recycled Water Usage FY 2019



FY 2019 represents the annual usage for the entire study period since there is no usage or account growth

Reserve Policy

Reserve Policy

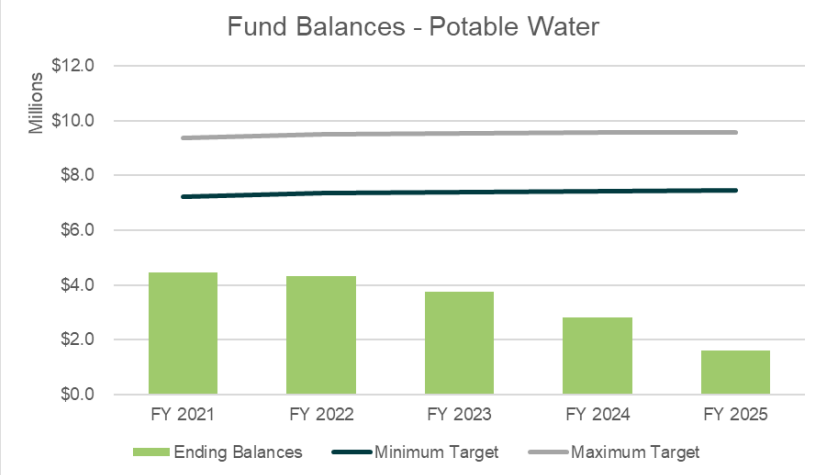
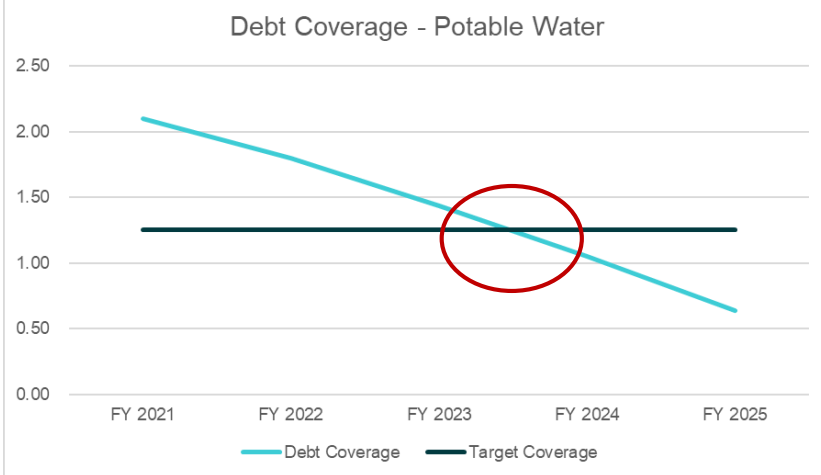
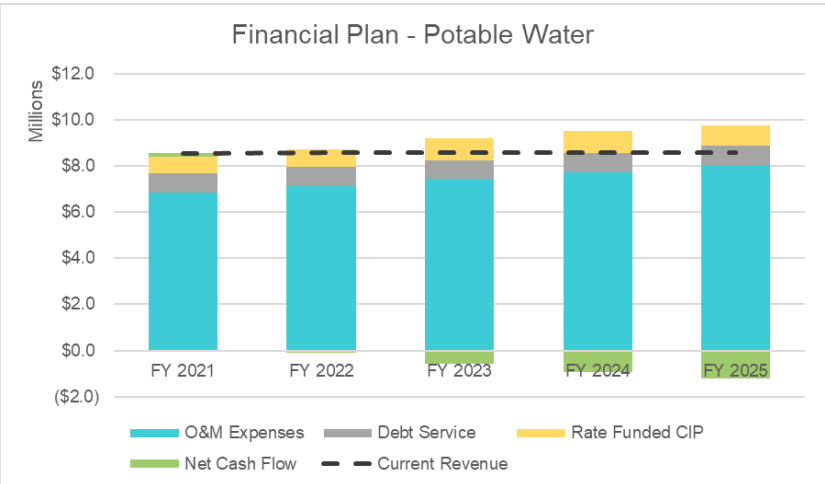
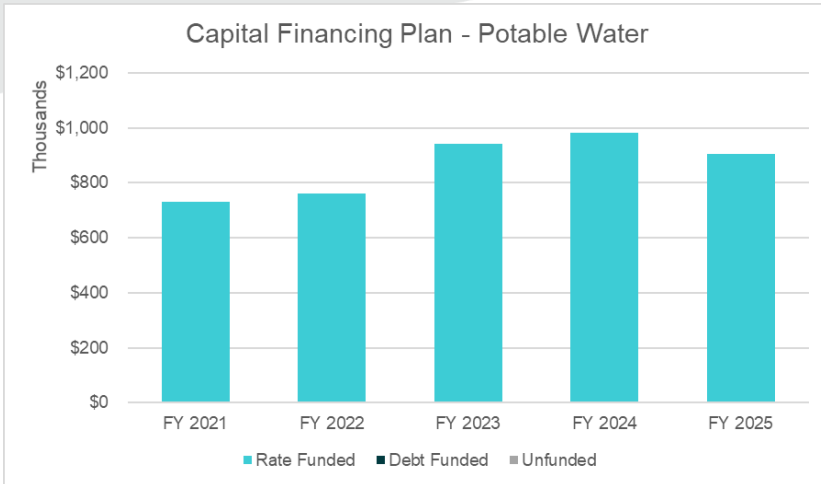
Applies to Potable Water and Recycled Water Reserves

| | |
|-------------------------------------|--|
| Operating | 6 Months of O&M Expenses |
| Capital Improvement and Replacement | 5 Year Average Rate Funded CIP |
| Debt Service | 1 Year of Debt Service |
| Rate Stabilization | Minimum Balance: 3 Months of Operating Revenues Maximum Balance: 6 Months of Operating Revenues |



Potable Water Financial Plan

Status Quo

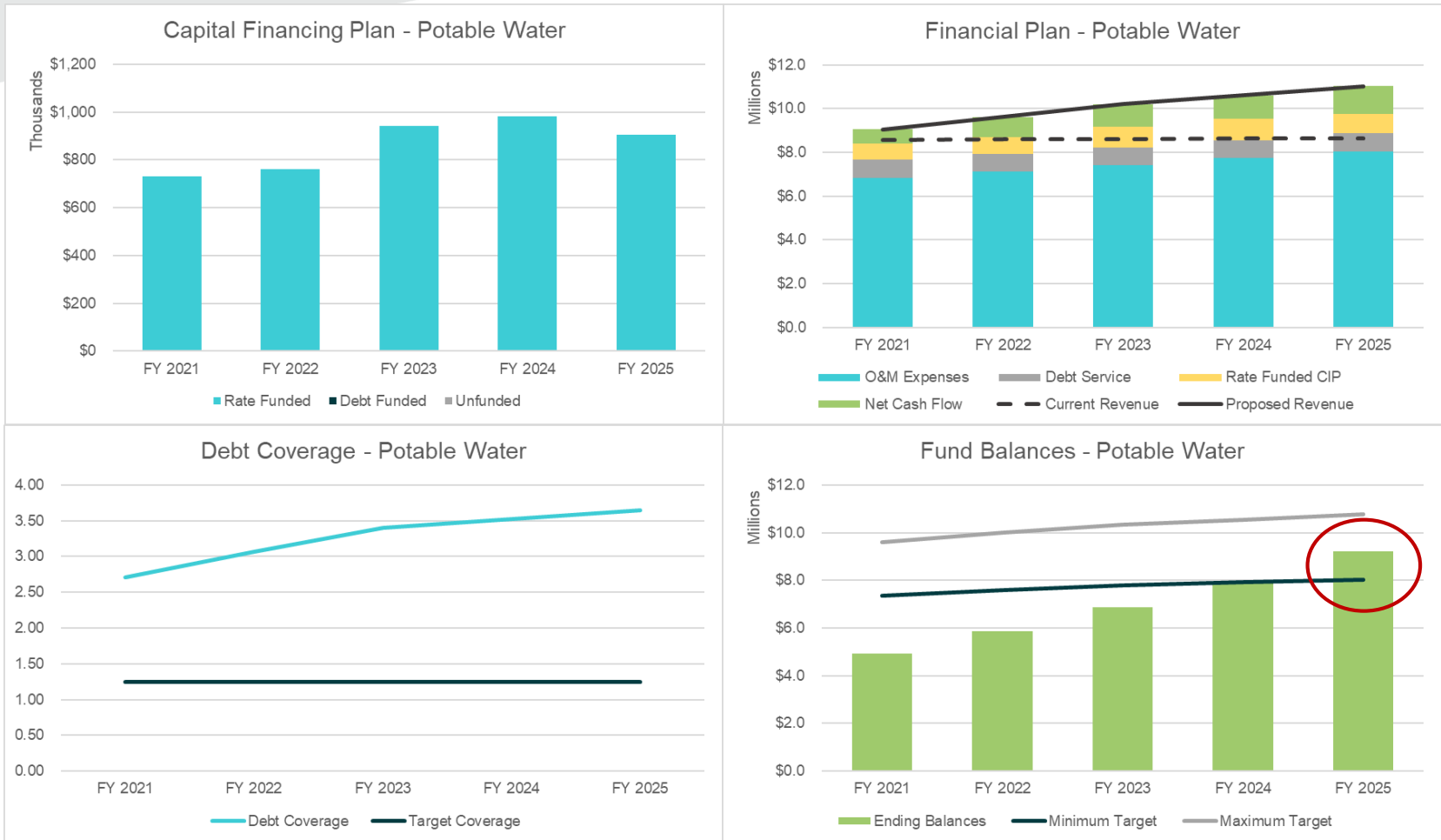


Potable Water Proposed Adjustments

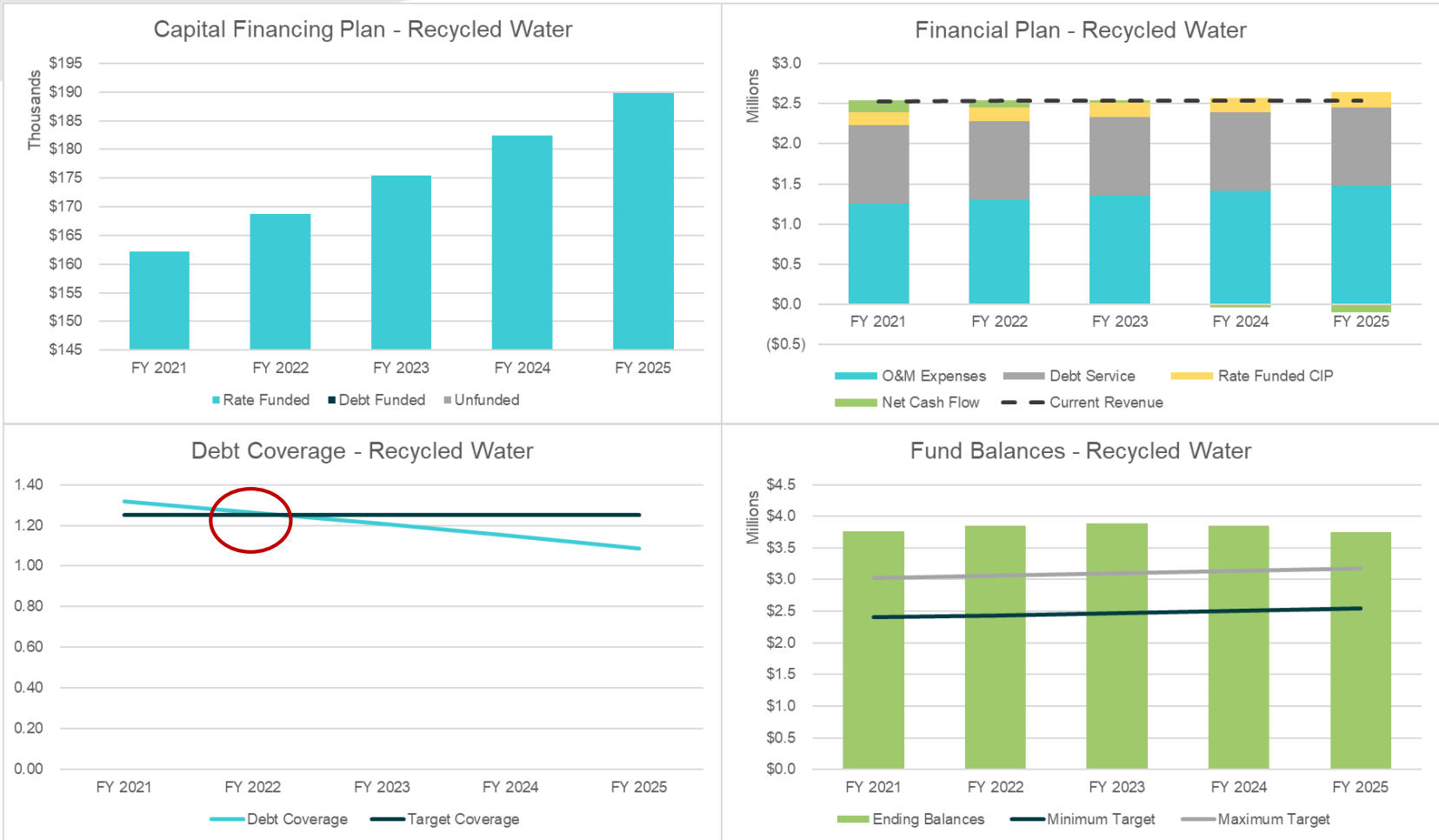
| Fiscal Year | Proposed Adjustments | Month Effective |
|-------------|----------------------|-----------------|
| 2021 | 6% | July |
| 2022 | 6% | July |
| 2023 | 6% | July |
| 2024 | 4% | July |
| 2025 | 4% | July |



Potable Water Financial Plan Proposed Adjustments



Recycled Water Financial Plan Status Quo

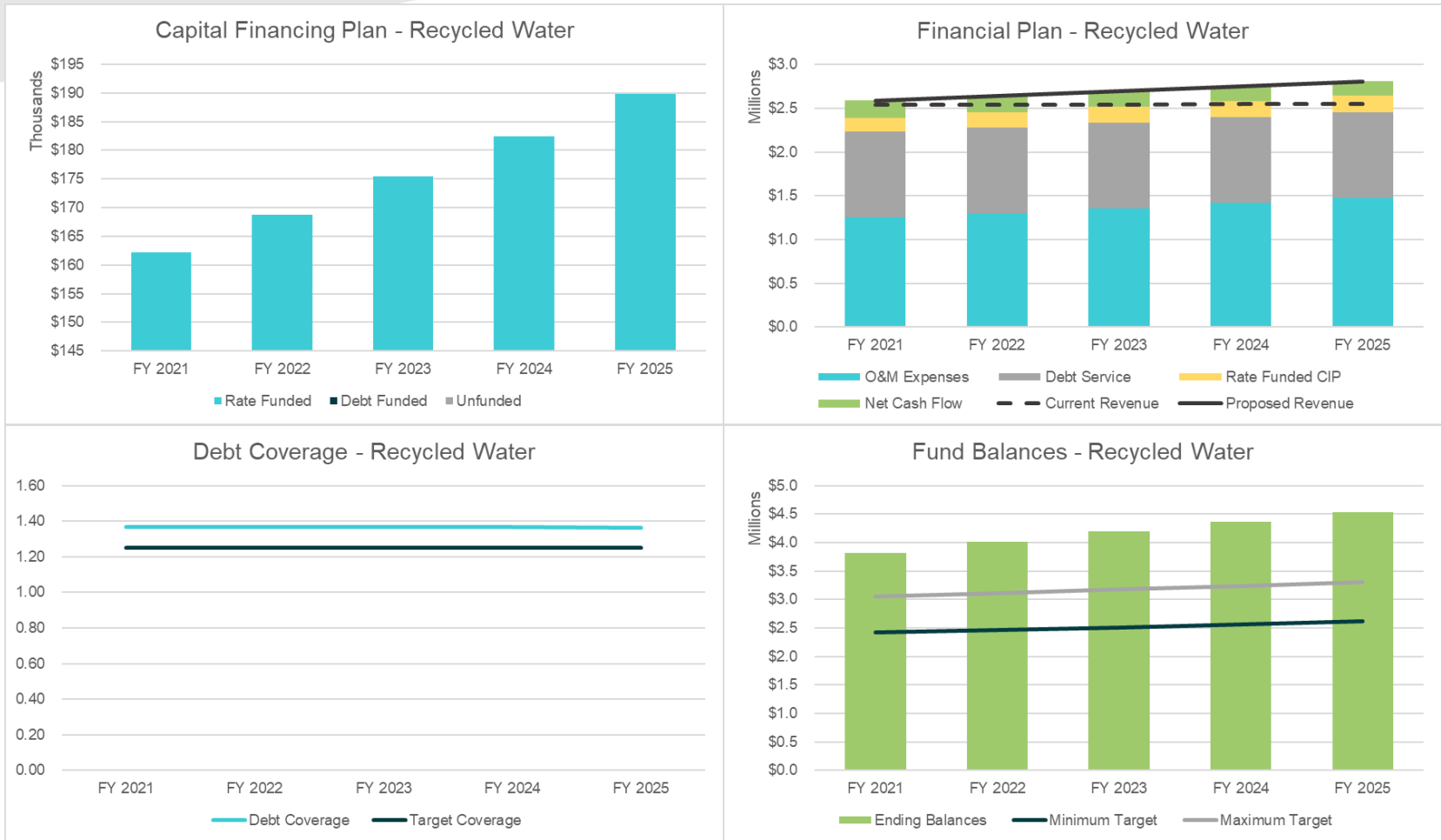


Recycled Water Proposed Adjustments

| Fiscal Year | Proposed Adjustments | Month Effective |
|-------------|----------------------|-----------------|
| 2021 | 2% | July |
| 2022 | 2% | July |
| 2023 | 2% | July |
| 2024 | 2% | July |
| 2025 | 2% | July |



Recycled Water Financial Plan Proposed Adjustments



Wastewater Financial Plan



Key Assumptions

- Study period: FY 2020 - FY 2029
 - › Based on adopted or modified FY 2020 budget
 - › Revenue adjustments for FY 2021 - FY 2025
- No ERU growth
- Revenue inflation
 - › Reserve interest rate: 1%
 - › Non-rate revenues: 0%
- Expense inflation
 - › General: 3%
 - › Salary: 3%
 - › Benefits: 3%
 - › Treatment: 5%
 - › Capital: 4%



Current Wastewater Rates

| Customer Class | FY 2020 Charges (per ERU) |
|----------------------|---------------------------|
| Residential | \$59.98 |
| Multiple Residential | \$59.98 |
| Apartment | \$47.97 |
| Mobile Dwelling Unit | \$47.97 |
| Commercial | \$59.98 |
| Shopping Center | \$106.51 |
| Restaurants | \$137.98 |
| Water Flow – Low | \$55.03 |
| Water Flow – High | \$126.59 |



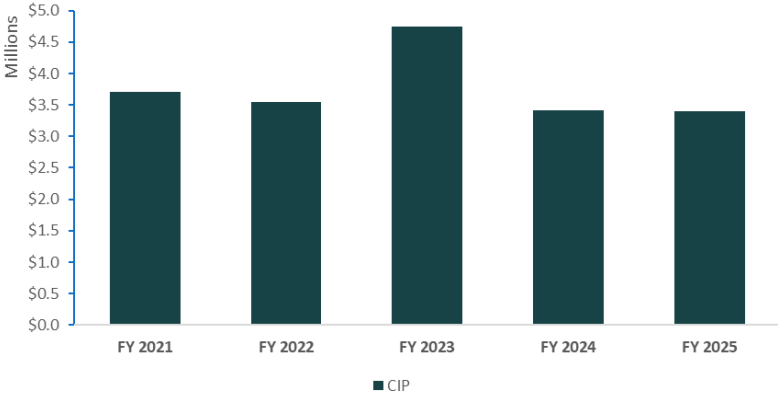
Projected Wastewater ERUs

| Customer Class | Equivalent Residential Units | |
|----------------------|------------------------------|---------------------|
| | FY 2019 (Actual) | FY 2020 (Budget) |
| Residential | 8,178 | 8,174 |
| Multiple Residential | 2,425 | 2,425 |
| Apartment | 1,217 | 1,217 |
| Mobile Dwelling Unit | 0 | 0 |
| Commercial | 970 | 933 |
| Shopping Center | 102 | 102 |
| Restaurants | 172 | 215 |
| Water Flow – Low | 376 | 481 |
| Water Flow – High | 8 | 9 |
| Total: | 13,448 | 13,557 |

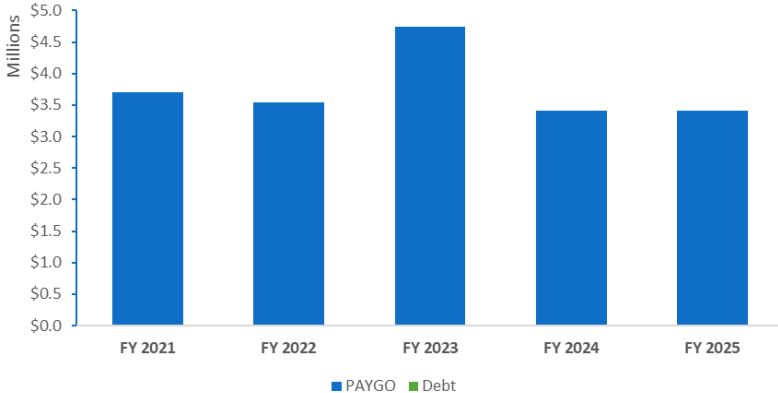
Wastewater Financial Plan

Status Quo

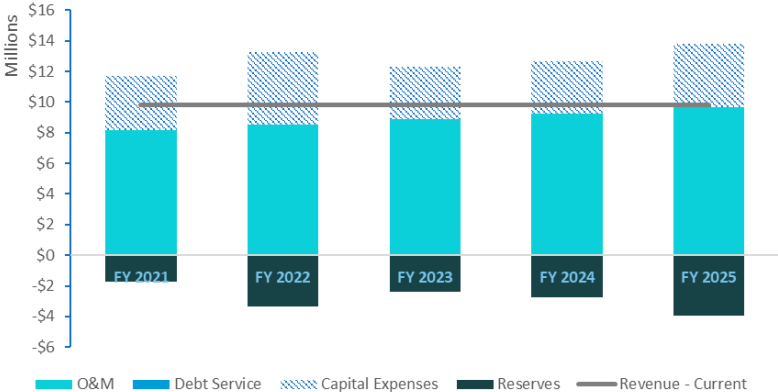
Capital Projects



Capital Financing Plan



Financial Plan



Fund Balances



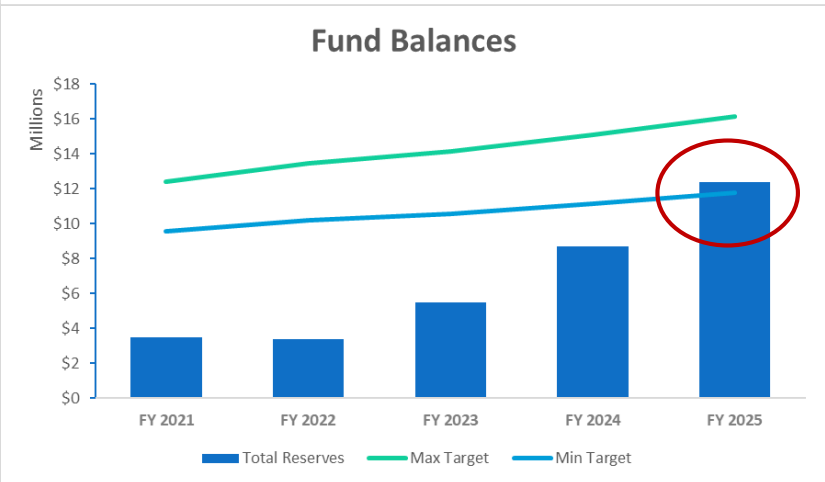
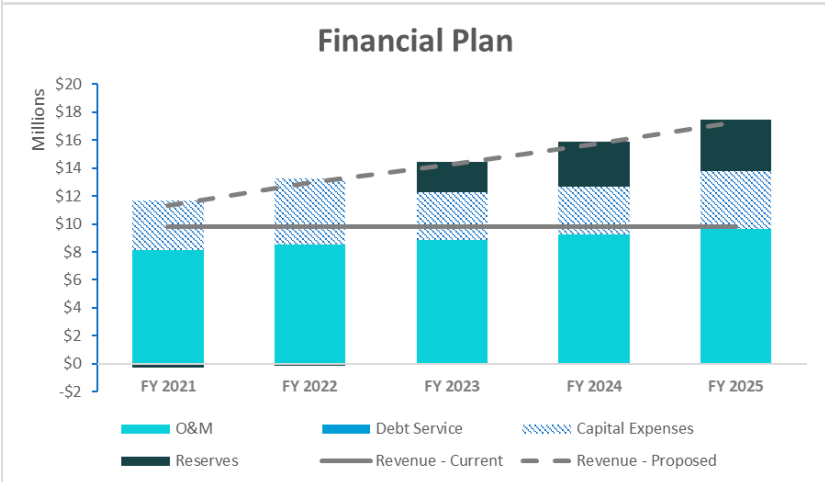
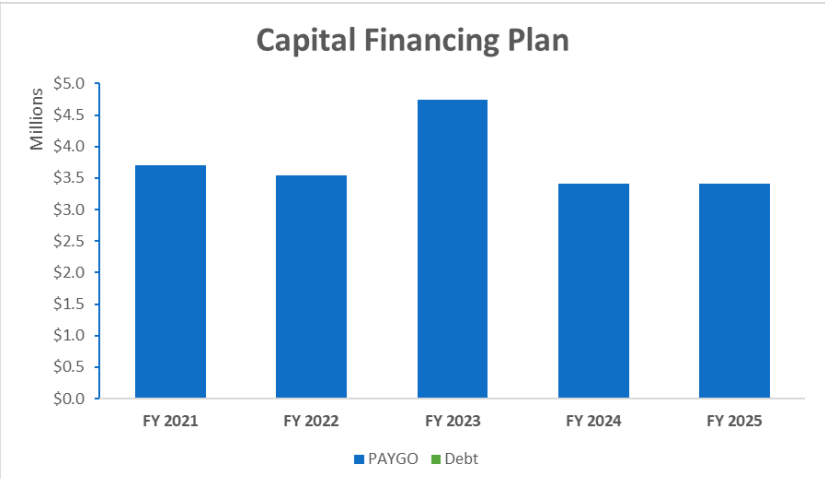
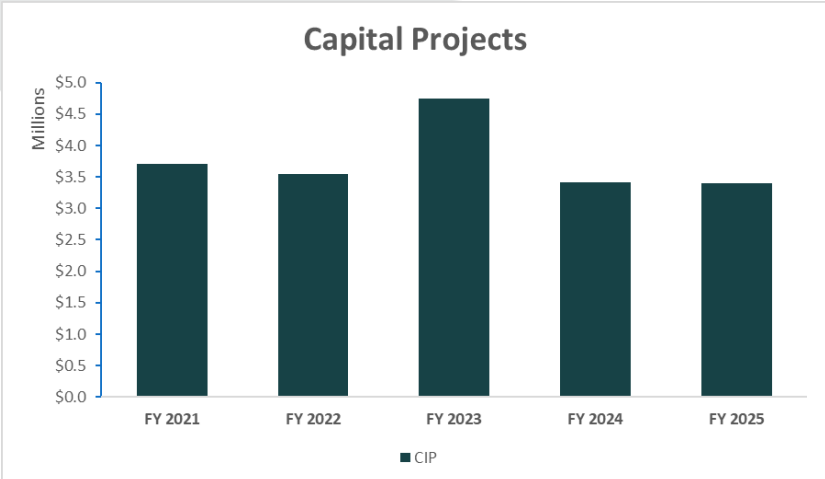
Wastewater Proposed Adjustments w/o Debt

| Fiscal Year | Proposed Adjustments | Month Effective |
|-------------|----------------------|-----------------|
| 2021 | 15% | July |
| 2022 | 15% | July |
| 2023 | 10% | July |
| 2024 | 10% | July |
| 2025 | 10% | July |



Wastewater Financial Plan

Proposed Adjustments w/o Debt



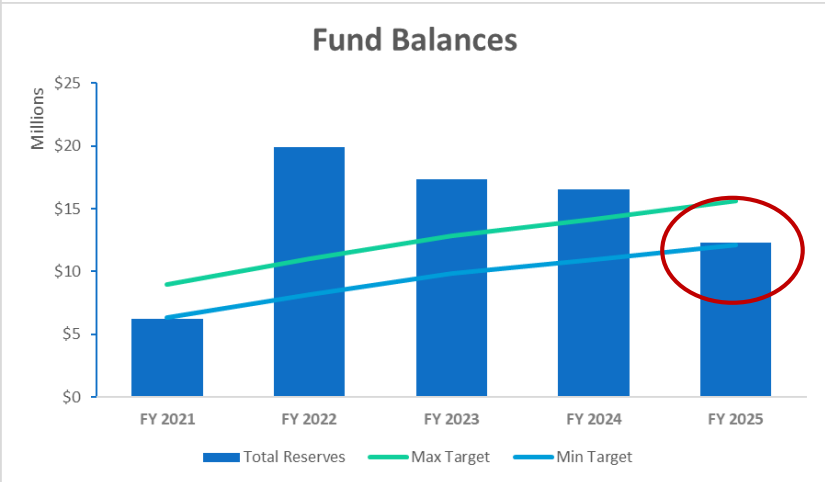
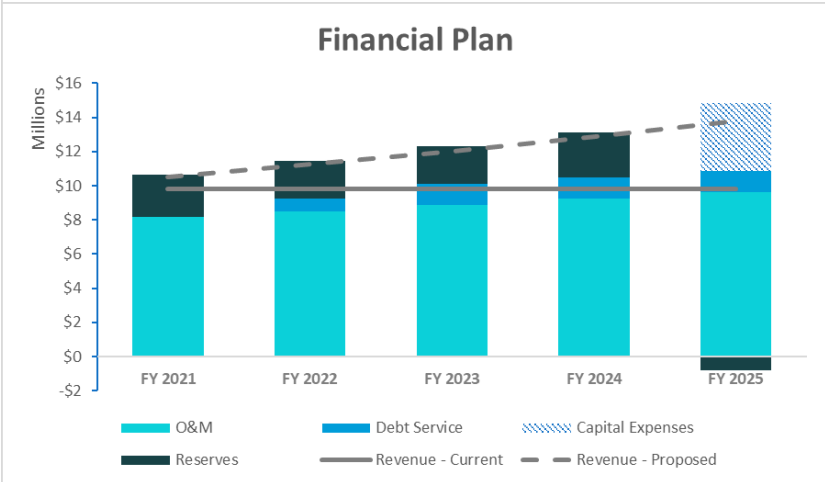
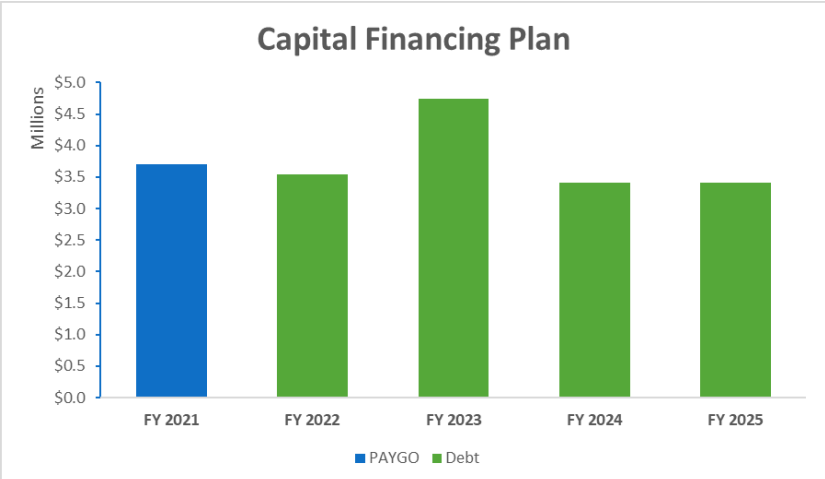
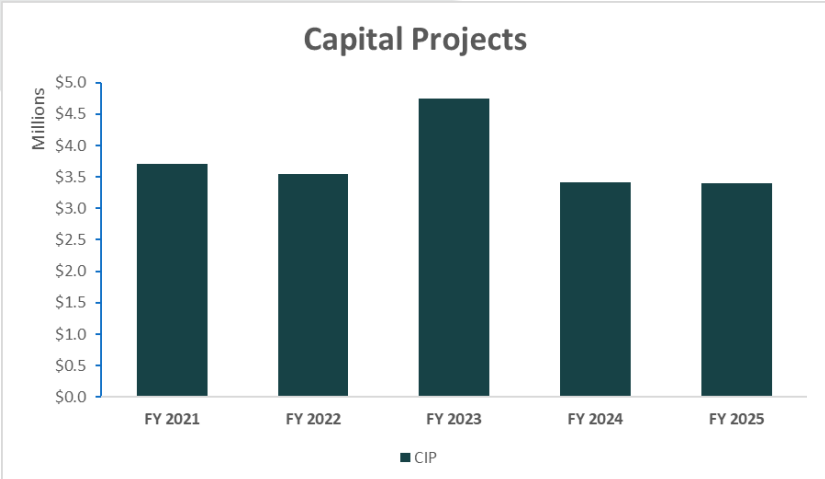
Wastewater Proposed Adjustments w/ Debt

| Fiscal Year | Proposed Adjustments | Month Effective |
|-------------|----------------------|-----------------|
| 2021 | 7% | July |
| 2022 | 7% | July |
| | \$15M bond issuance | |
| 2023 | 7% | July |
| 2024 | 7% | July |
| 2025 | 7% | July |



Wastewater Financial Plan

Proposed Adjustments w/ Debt



Next Steps

- Cost of Service Analyses for All Utilities
- Proposed Rate Design
- Rate Study Report Development
- Rate Adoption Process
 - › Customer Notice
 - › Public Hearing
- Rate Implementation July 1, 2020



Thank you!

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