



BOARD FINANCE COMMITTEE MEETING
FRIDAY, FEBRUARY 25, 2022, at 10:30AM

**DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED
VIA TELECONFERENCE ONLY (NO PHYSICAL LOCATION)
PURSUANT TO ASSEMBLY BILL 361 (GOVERNMENT CODE SECTION 54953)**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

Public comments may be made during the meeting, or submitted before the meeting via email to General Manager, Tammy Rudock, at tammyr@midpeninsulawater.org

Please indicate in your email the agenda item to which your comment applies.

Comments submitted before the meeting will be provided to the Board before or during the meeting.

Should the teleconference platform not be operational, please check the MPWD website home page for updated information and/or further instructions at: www.midpeninsulawater.org

Board members, staff, consultants, and the public may participate remotely.

Meeting Link: <https://meet.goto.com/536157821>

Dial by Telephone (U.S. Toll Free): [1-877-309-2073](tel:1-877-309-2073)

Access Code: 536-157-821

AGENDA

1. Call to Order

A. Roll Call

2. Public Comment

If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

3. **Receive summary report of accounting, reporting, and internal control recommendations by interim Chief Financial Officer and General Manager.**
4. **Discuss proposed professional accounting and optional District Treasurer services for recommendation to the Board.**
5. **Discuss water revenue requirement and potential for Proposition 218 protest hearing process for an SFPUC pass-through rate adjustment for FY 2022/2023.**
6. **Review proposed schedule for Finance Committee meetings in 2022.**
7. **Adjournment**

This agenda was posted at the Mid-Peninsula Water District's office, 3 Dairy Lane, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the General Manager y at (650) 591-8941 or tammyr@midpennsulawater.org. Requests must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.



DATE: February 25, 2022

TO: MPWD Finance Committee

FROM: Tammy Rudock, General Manager
Rick Wood, CMA – Interim Contract CFO

RE: Summary Report of Accounting, Internal Controls, and Reporting
Recommendations

MEMORANDUM

1. Better organize payroll activities and ADP (external payroll service), automating as much of it as possible, converting all employees to a bi-weekly payroll, and developing a well-organized SOP. Reports for the General Manager need to be more resourceful, and reporting should be more routine each payroll period.
2. Develop a well-organized SOP for A/P and A/R activities, including regular reporting to the General Manager.
3. The General Manager should have final review and approval of the monthly bank reconciliation process for the three (3) MPWD accounts (Wells Fargo, LAIF, and BNY). An organized SOP should be developed.
4. Take advantage of the Springbrook Financial Management System. There are a large range of modules available that are not being utilized, especially related to capital projects.
5. Wells Fargo does not presently provide collateralization of the MPWD's cash balance. The cash is FDIC-insured up to \$250,000. Consider banking opportunities that will provide that level of added security of the MPWD's cash balance, save the MPWD money (reduced fees), and provide an enhanced level of service and business relationship.
6. Take time to review the actual reports produced by the Springbrook Financial Management System's accounting software. The redundant Excel spreadsheets could be minimized, including the potential for errors when information is transferred from one program to another.
7. Minimize the number of journal entries, and for the ones that do need to happen, make sure there is adequate back-up documentation and a review process involving the General Manager.
8. Prioritize the Balance Sheet. It is the control document of the MPWD's financials, and every account should be reconciled often and reviewed with the General Manager.

9. Create an Investment and Reserves report for compliance with California Government Code Section 53600 et seq.
10. Revise the monthly reporting to the Board of Directors so that it is more resourceful.
11. Consider a role for the Board Finance Committee in monthly review of MPWD financials.
12. Hire professional accounting staff to assist with internal controls, including final review by the General Manager.



DATE: February 25, 2022
TO: MPWD Finance Committee
FROM: Tammy Rudock, General Manager
RE: Proposed Professional Accounting and Optional District Treasurer Services

MEMORANDUM

Attached are excerpts from two (2) of the three (3) submittals the MPWD received in response to its RFP for professional accounting and optional District Treasurer services.

Staff would like to recommend narrowing the submittals down for the Board's consideration (and/or interviews) to the two (2) most experienced (with special and water districts) and responsive firms (Chavan & Associates LLP and Eide Bailly LLP). Staff would further like to discuss with the Committee that we ask each of them to provide examples of reports generated for the General Manager and the Board for services they are currently providing to other special districts.



Chavan and Associates, LLP
Certified Public Accountants

December 17, 2021

Tammy Rudock, General Manager
Mid-Peninsula Water District
3 Dairy Lane
Belmont, CA 94002

We are pleased to have this opportunity to submit our proposal to provide accounting and optional treasurer services for the Mid-Peninsula Water District (the "District").

We are experts in audit and accounting related to Governmental Accounting Standards, Generally Accepted Auditing Standards, Generally Accepted Governmental Auditing Standards, and Uniform Guidance for federal grants. Our team perform services similar to those requested in the RFP for the City of Lincoln, Westborough Water District and Purissima Hills Water District. Our managing partner is available to attend board meetings and finance committee meetings.

Throughout the contract period, we will provide consultation on accounting and compliance issues and attend meetings as noted in the RFP. It is our commitment to the District that we will complete the work within the agreed time frame and that we have the resources, time and personnel to dedicate to this engagement for the entirety of the contact. We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons includes:

- We specialize in local government auditing and accounting.
- Our partners have 37 years combined experience auditing and providing accounting services for local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the questions we will ask.
- We are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- We have offices in Morgan Hill, San Jose, and Auburn, California.

We are secure in our belief that our firm is the best qualified to meet your needs. Once you have examined our proposal and contacted our references, we feel you will agree.

Staffing will include our Managing Partner, one Associate Partner, one Senior Auditor, and one Administrative Staff. Our Managing Partner will be assigned to visit your offices, as feasible with regard to COVID-19 circumstances and all of our team members will be available throughout the entire contract period.



Chavan and Associates, LLP
Certified Public Accountants

Sheldon Chavan (650-346-1329, Sheldon@cnallp.com) is the partner authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 90 days.

Very truly yours,

C & A LLP

Sheldon Chavan, C.P.A., Partner
Chavan & Associates, LLP

Section A - Firm's Experience

Mid-Peninsula Water District Proposal for Accounting and Treasurer Services

Contractor Identification and Introduction

Company Name: Chavan & Associates, LLP (C&A)
Address: 15105 Concord Circle, Morgan Hill, CA 95037
Office: 408-217-8749 or 650-346-1329
Fax: 408-872-4159
E-mail: Sheldon@cnallp.com
CA File Number: 202009218003
FEIN: 27-0630496
Authorized to Sign: Sheldon Chavan, Partner; Paul Pham, Partner

Our partners have performed engagements following Governmental Accounting Standards, Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 37 years; Sheldon for 23 years and Paul Pham for 14 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports (**ACFRs**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA and CSMFO**. Most recently, C&A has assisted with the annual and monthly, quarterly and annual close, budget preparation, and financial reporting for the City of Lincoln, Westborough Water District and Purissima Hills Water District. C&A has also **prepared the ACFRs** of City of Saratoga, the City of Oroville, City of Suisun, City of Pacific Grove, and City of Carmel-by-the Sea, and **the Ross Valley Sanitation District** for the year ending June 30, 2021. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients. We also prepare Annual Financial Transaction Reports as required by the SCO for 15 or so clients each year.



After starting the firm with only 9 clients in 2009, we currently have **100 government**, nonprofit and grant **clients**, 40 of which were required to have a single audit under uniform guidance in 2020-21. Our firm's experience includes numerous audits under state and federal compliance audit guides, including the Minimum Audit Requirements and Reporting Guidelines for Cities as required by the State Controller's Office. **What makes us unique from other audit firms** is that we eliminate "on-the-job" training through intensive in-house training, audit planning, and by having partners in the field throughout the entire engagement (not just "spot-checking"). The daily interaction with our Engagement Partner has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, grant requirements, ACFR requirements, budgeting, and much more.

C&A is also a member of the **AICPA's Government Audit Quality Center** which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

Section A - Firm's Experience

Mid-Peninsula Water District Proposal for Accounting and Treasurer Services

Firm Size, Staff Size, Location and Staffing

We also have **twelve** professional, full-time staff in addition to our three partners and one administrative person that will be available to assist as needed throughout the engagement. Our engagement partners are directly involved with the audits. Our central office is located in San Jose, CA. Staffing for the District's audit will include the following professionals (audit experience):

Sheldon Chavan, CPA, Managing Partner (23 years)	Paul Pham, CPA, Partner (14 years)
Niru Machiraju, CPA, Supervisor (6 years)	Andrew Quintero, Senior Auditor (3 years)
Matthew Ojeda, Senior Auditor (5 years)	

One of the professional staff could change from year to year. The District will be notified of any staff changes prior to field work. The Engagement Partner will be the same during each year of the engagement.

Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Contractor Prequalification Services	Nonprofit Tax
Local Education Agencies	37	37%	89%	0%	14%	0%
Charter Schools	11	11%	100%	0%	0%	100%
Non-profit Organizations	17	17%	94%	0%	0%	82%
Cities and Towns	10	10%	90%	0%	0%	0%
Special Districts	17	17%	88%	12%	0%	0%
Privately Held	7	7%	71%	29%	0%	0%

	GAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit	Other
Percent by Service Type	91%	73%	40%	22%	41%	39%

Contract Terminations and Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, contract failures, outstanding claims, litigation, investigations, or other unsatisfactory performance issues against us or pending with the State Board of Accountancy or any other entity. In addition, we have not had any federal or state desk review or field reviews of our audits. C&A has no record of lost clients or contract failures.

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

EXPERIENCE PROFILES

We've built our business on relationships and we encourage you to contact the references we've provided below to learn more about their experiences.

Trabuco Canyon Water District (TCWD)

Michael Perea, Assistant General Manager

Office: 949.858.0277, ext 121 | Cell: 949.292.2285

MPerea@tcwd.ca.gov

Water/Sewer/Recycled Water Utility District

We started in 2010 and had to prepare a massive cleanup from the prior CPA firm. Much of the accounting was incorrect, and they were operating on an antiquated DOS based system. In the 11 years that we have been with them, we have:

- Converted to a fund based modern accounting and billing system (Tyler Incode)
- Separated accounting records into four funds (previously lumped into one fund)
- Led them through two rate studies and significant rate changes
- Shored up their finances - established and funded a trust for their OPEB (retiree health) unfunded obligations and for their pension costs with CalPERS
- Prepare and update a long-range financial plan (10 years of cash flow projections) during the annual budget process
- Served loyally as their Treasurer since 2010

We prepare their monthly close, bank reconciliations, and monthly Board financial statements. In addition, we are heavily involved in the annual budget and audit processes, rate studies, and debt financing.

Twentynine Palms Water District (TPWD)

Ray Kolisz, General Manager

Office: 760.367.7546 | Cell: 760.219.1544

rkolisz@29palmswater.org

Water and Fire District

We started work with Twentynine Palms Water District in 2012 when we performed a massive cleanup from the prior retiring CPA. Most of the prior accounting records were incorrect and the District was operating on an antiquated DOS based system. In the 9 years that we have been with them, we have:

- Converted them to a fund based modern accounting and billing system including a full implementation to Springbrook/Accella software in 2013
- Created separation for independent accounting funds (previously accounting had been maintained incorrectly within one fund)
- Led the District through two rate studies and public hearings
- Prepared and updated long-range financial plans (10 years of cash flow projections) annually during the budget process
- Shored up their finances and established and funded a trust for the OPEB (retiree health)



Trabuco Canyon Water District

"I know I can always pick up the phone and ask the Eide Bailly team for help. Eide Bailly has helped us navigate challenges and they explain and address accounting-related matters with clarity."

Michael Perea
Assistant General Manager

benefits) unfunded obligations and for their pension costs with CalPERS

- Helped lead to divestiture of the fire department to the County Fire Department

We prepare their monthly close, bank reconciliations, and monthly Board financial statements. In addition, we prepare the annual budget, 10 years of budget projections, and all audit workpapers and coordination.

Rowland Water District (RWD)/Bellflower-Somerset Mutual Water Company (BSMWC)

Tom Coleman, General Manager (GM)

Office: 562.751.7550 | Cell: 951.751.7550

tcoleman@rowlandwater.com

Water/Recycled Water District | Mutual Water Company

We have served BSMWC as the part-time Finance Director since 2013, where Mr. Coleman was the previous General Manager (GM). Tom went to RWD in 2015 as the GM but stayed on as the part-time Executive Director of BSMWC. We have worked with RWD since 2015 trying to train their CFO and correct issues. In August 2019, both RWD and BSMWC suddenly lost their respective CFO and Office Manager in the same week. We backfilled these positions immediately. Over the next year before someone else was hired, we completed the audits of both agencies and successfully completed their budgets and rate studies. We are still serving as the Contract CPA at BSMWC, where we continue to prepare the budget, monthly Board package, and coordinate the audit.

Tahoe Resource Conservation District

Nicole Cartwright, Executive Director

530.543.1501

ncartwright@tahoercd.org

Resource Conservation District

We started in early 2019 and led them through their June 30th audit. There was plenty of clean up from the prior CPA who had insufficient government accounting and QuickBooks knowledge to effectively assist the District. We completed the audit in record time with minimal issues. In the process we also explained and showed them how to read and understand their audited financial statements. We have since then led them through fiscal separation from the County conservatorship and have assisted in setting up their own payroll process, correcting quarterly payroll returns which the payroll firm prepared incorrectly. We also revamped their financial reports and created easy to use templates for the future.



Rowland Water District

“We worked with the Special Districts team at Eide Bailly for years on many aspects of our finances, from difficult payroll tax issues to CalPERS reporting, budget preparation, report reconciliation and more. Their team has been the heart and soul of our financial operations.”

Tom Coleman
General Manager



Tahoe Resource Conservation District

“Our organization had outgrown our previous CPA, and we chose Eide Bailly for their years of experience specializing in public entities and special districts. Having them as part of our team has allowed us to tackle some very large administrative and financial changes that our District has discussed for many years.”

Nichole Cartwright
Executive Director

Beaumont-Cherry Valley Water District

Bill Clayton, Senior Finance & Administrative Analyst

Office: 951.845.9581 x221

william.clayton@bcvwd.org

Water District

In early 2021 the District's Director of Finance retired suddenly, creating an immediate vacancy at the manager level of the accounting department. We offered interim assistance with crucial day-to-day accounting manager activities in and out of Accela Springbrook software to keep operations and reporting flowing smoothly.

During our involvement we assisted in creating updated and easy-to-read formats for operating and capital budgets, provided recommendations for improvements to project tracking utilizing Accela Springbrook software, and advised on improving financial management through updates of potentially outdated processes.

San Miguel Fire & Rescue

Leah Harris, Administrative Officer/Finance Officer

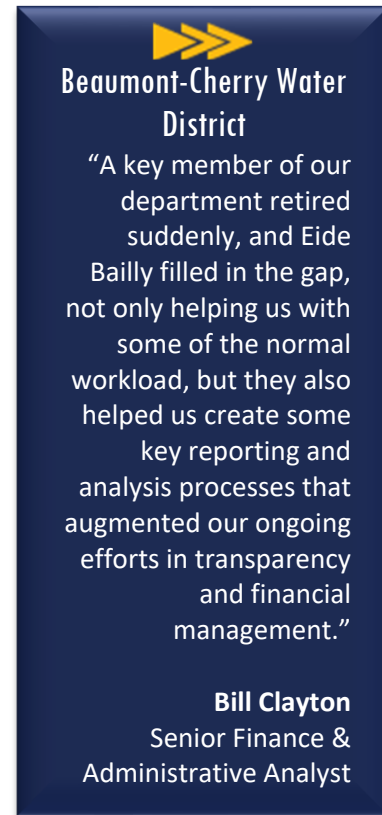
Office: 619.660.5350 | Cell: 619.961.7610

lharris@sanmiguelfire.org

Fire Protection District

We started in late 2019, when the 6/30 audit was still open, and the governing board had not seen quarterly financial statements in nearly a year. We quickly built an Excel model to use a data export from their system to create a new, easy to understand set of financial statements that could be provided to the Board on a monthly or quarterly basis. In addition, we created a variance analysis to determine where the agency was under/over budget and explanations for the same.

We also took a convoluted budget made up of scattered worksheets from multiple sources and created a unified single workbook that creates an effective and less error prone budget that is easy to follow. Additionally, in early 2020 we helped them close out a very difficult audit for FY 19 due to past accounting practices and helped develop a plan for an easier and more accurate audit process for FY 20 and beyond.




Beaumont-Cherry Water District
“A key member of our department retired suddenly, and Eide Bailly filled in the gap, not only helping us with some of the normal workload, but they also helped us create some key reporting and analysis processes that augmented our ongoing efforts in transparency and financial management.”
Bill Clayton
Senior Finance & Administrative Analyst




San Miguel Fire & Rescue
“We have seen tremendous improvement in our financial reporting processes and workloads with the help of Eide Bailly, and we look forward to continuing to see the advances in our transparency and sustainability.”
Leah Harris
Administrative Officer/Finance Officer



Eide Bailly provides consulting services to a variety of governmental agencies throughout the State of California. The key to our success is to structure our teams with experienced professionals who understand government operations.

LET US HELP YOU WITH MORE

Transitional Services

We have helped several clients transition from fiscal conservatorship to fiscal self service, which involves setting up banking relationships, cash management, internal controls, accounting policies, accounting records and payroll services. We have also helped several agencies clean up their accounting records and then prepare for successful audits. We are often hired by organizations that are small and do not have professional staff to manage their finances and accounting. They often have no internal controls in place, and no financial policies or guidelines. Eide Bailly will set up the accounting, financial processes and internal control system, and then develop monthly and quarterly accounting and reporting that is tailored to management and governing board needs.

Fully Outsourced Accounting

At some of our clients there is no other administrative staff - we complete all of the accounting functions, including accounts payable, receivable, cash management and long-range financial planning, payroll, human resources, audit and budget preparation and governing board reporting. To ensure proper internal controls for these clients, Eide Bailly staff prepare bank reconciliations and the partners review and approve all bank and investment account reconciliations.

Partial Service Accounting/Contract CPA

Many of our clients have their own accounts payable and cash receipting staff, and we provide the other accounting and finance services required to prepare the regular accounting. We serve as the primary liaison to the auditors for our all of our clients, and we prepare monthly financial statements, budget updates and reconciliations and financial statements/board packages for all of our External CFO clients. We are well versed in the governing board package process and provide timely and accurate reports for management and the governing board. Eide Bailly also prepares and files the federal and state tax returns, 1099s, State Controller's Reports and other regulatory filings as needed. We regularly attend finance and board meetings as needed.

QuickBooks

Cindy Byerrum has been a QuickBooks Pro Advisor and has designed curriculum and taught QuickBooks at the university level. All of Eide Bailly's associates use QuickBooks at various clients and are well versed in the optimal use of QuickBooks. In addition to Intuit QuickBooks, we are also experienced in many other financial software programs.

Payroll Set Up/CalPERS Reporting

We have set up and maintained payroll systems for several clients. Most clients utilize a contract payroll provider and we work with them to ensure payroll is processed properly, correctly and efficiently. We have also successfully navigated through four IRS and EDD employment taxation audits and conduct regularly training for clients on the various rules in federal and state employment taxation. We also have in depth knowledge of CalPERS reporting and have assisted many clients with reporting and navigating a CalPERS audit.

Forensic Accounting

We have seasoned professionals with years of relevant investigative experience. Our forensic accountants are experienced in assisting with internal, civil, criminal and insurance recovery investigations related to allegations of theft, fraud and accounting irregularities. The forensic methodologies and technology used by our team of specialists help get to the facts of these situations and are court proven. We understand the urgency of resolving these types of matters and take pride in delivering a quality work product in an efficient and timely matter.



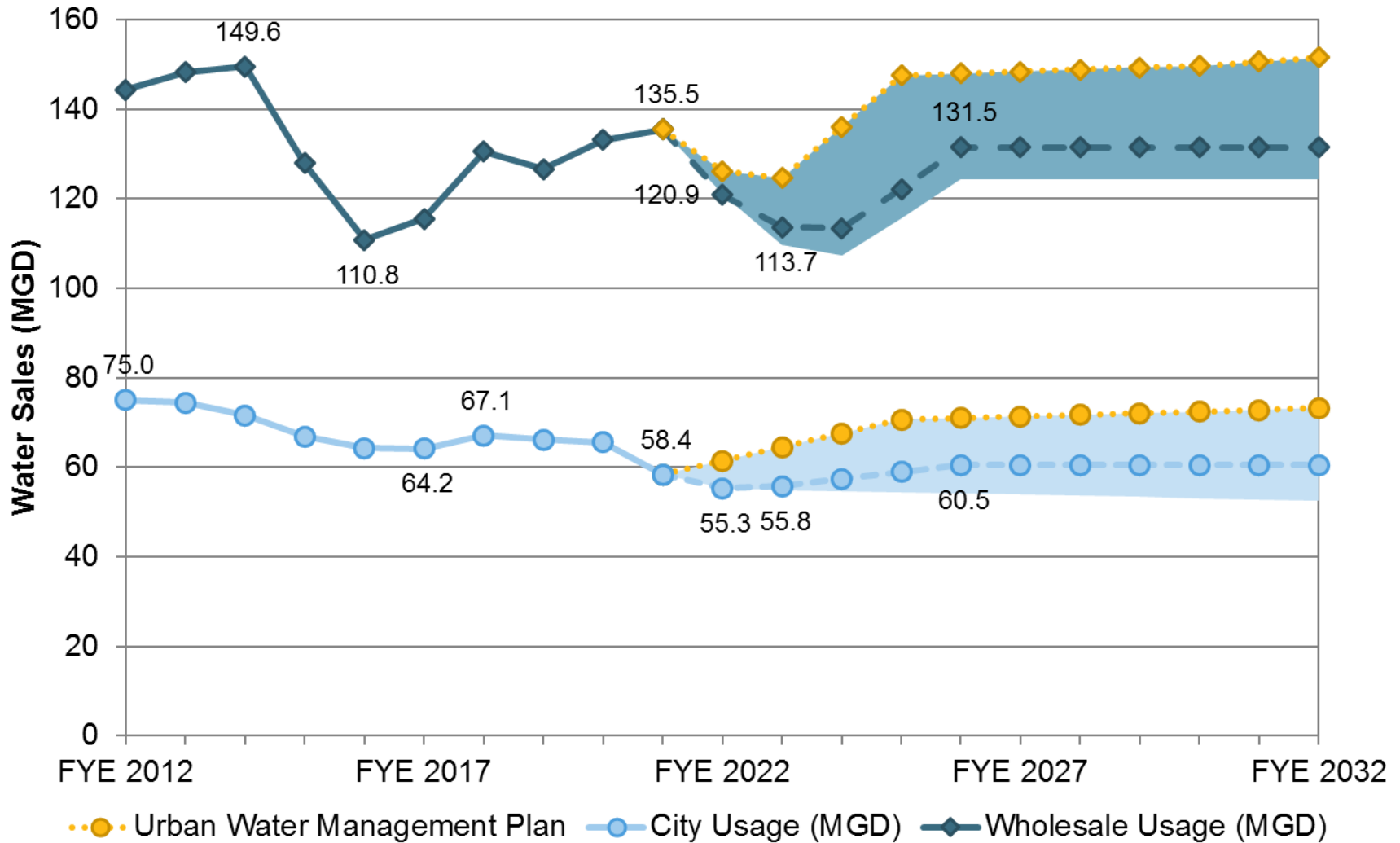
DATE: February 25, 2022
TO: MPWD Finance Committee
FROM: Tammy Rudock, General Manager
RE: Water Revenue Requirement for FY 2022/2023 and Recommendation Potential for SFPUC Pass-Thru Rate Adjustment effective July 1, 2022

MEMORANDUM

Attached for discussion are excerpts of financial slides from the most recent SFPUC Annual Wholesale Customer meeting held on February 17, 2022. Before the end of March 2022, the SFPUC will formally notify all Wholesale Customers of its proposed water rate adjustment needed for FY 2022/2023 (effective July 1, 2022). Right now, that is projected to be 15.9%. For FY 2023/2024 it is projected to be 11.2%.

Since the MPWD is outside of a rate plan that is in compliance with Proposition 218, staff will be recommending that process for the projected 15.9% for FY 2022/2023.

Water Sales: Actuals and 10-Year Financial Plan Projections



Water Enterprise Financial Plan

(\$M)	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Beginning Fund Balance	\$ 231.3	\$ 174.4	\$ 163.5	\$ 139.6	\$ 118.8
Sources					
Retail Water Sales	326.3	353.8	361.7	383.2	397.3
Wholesale Water Sales	265.1	294.6	318.4	342.4	343.1
Other Miscellaneous Income	59.8	59.8	60.2	60.2	60.4
Total Sources	\$ 651.3	\$ 708.2	\$ 740.3	\$ 785.9	\$ 800.8
Uses					
Operations & Maintenance	276.6	282.7	293.1	301.8	310.1
Hetchy Transfer	49.5	49.1	52.6	54.2	55.8
Debt Service	335.0	339.2	339.9	367.1	366.8
Revenue-Funded Capital	47.1	48.1	78.6	83.6	65.1
Total Uses	\$ 708.2	\$ 719.1	\$ 764.3	\$ 806.7	\$ 797.9
Net Revenues	\$ (56.9)	\$ (10.9)	\$ (24.0)	\$ (20.8)	\$ 2.9
Ending Fund Balance	\$ 174.4	\$ 163.5	\$ 139.6	\$ 118.8	\$ 121.7
Rate Increase - Retail	0.0%	5.0%	5.0%	4.0%	4.0%
Rate Increase - Wholesale	15.9%	10.9%	0.0%	0.0%	0.2%
Fund Balance as % of Operating Expenses	53%	49%	40%	33%	33%
Debt Service Coverage (Current)	1.17	1.12	1.17	1.18	1.20
Debt Service Coverage (Indenture)	1.57	1.64	1.65	1.56	1.52
Water Sales - Retail (MGD)	54.0	55.9	57.0	58.3	58.1
Water Sales - Wholesale (MGD)	113.7	113.4	122.1	131.5	131.5

Wholesale Revenue Requirement and Balancing Account

(\$M)	Actual			Projected			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Wholesale Revenue Requirement (WRR)							
Operating Costs	116.6	128.4	131.9	134.2	139.9	144.0	148.0
Debt Service	118.3	146.8	157.5	157.3	160.3	173.4	173.4
Revenue-Funded Capital	11.3	13.7	16.8	16.6	16.9	17.1	17.1
Subtotal WRR	\$246.3	\$288.9	\$306.2	\$308.2	\$317.0	\$334.6	\$338.6
Adjustments & Payments	4.4	0.0	0.0	0.0	0.0	0.0	0.0
Balancing Account Deferred/(Applied)	21.9	(44.9)	(42.4)	1.4	14.1	12.6	7.2
Debt Service Coverage	1.7	2.1	2.7	(0.3)	0.5	3.1	(0.3)
Total Wholesale Revenue Requirement	\$274.3	\$246.2	\$266.5	\$309.3	\$331.6	\$350.3	\$345.5
Wholesale Rate Increase	0.0%	0.0%	15.9%	11.2%	0.0%	0.0%	0.8%
Rate (\$/CCF)	\$4.10	\$4.10	\$4.75	\$5.28	\$5.28	\$5.28	\$5.32
Usage Basis (MGD)	135.5	120.9	113.7	113.4	122.1	131.5	131.5
Total Wholesale Revenues	\$275.1	\$246.2	\$265.1	\$295.2	\$319.0	\$343.1	\$345.6
Balancing Account Due (To)/From Wholesale Customers							
Beginning Balancing Account	(63.4)	(86.6)	(42.2)	1.4	14.1	12.6	7.2
Revenue Under/(Over) Collection	(23.2)	44.4	43.6	12.6	(1.5)	(5.4)	(7.3)
Ending Balancing Account	(86.6)	(42.2)	1.4	14.1	12.6	7.2	(0.1)

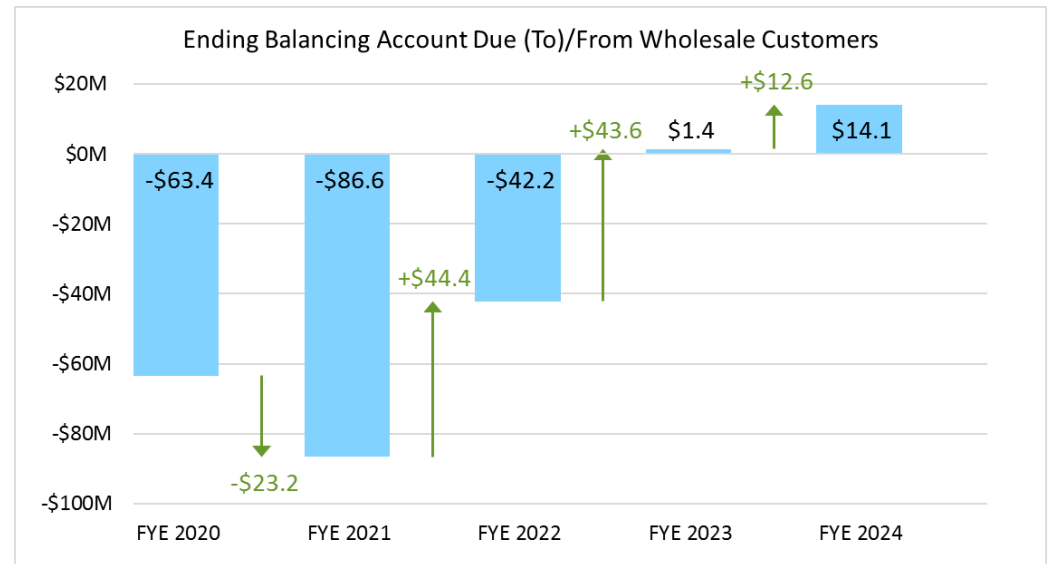
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FY 2022-23 Rate Increase: 15.9%

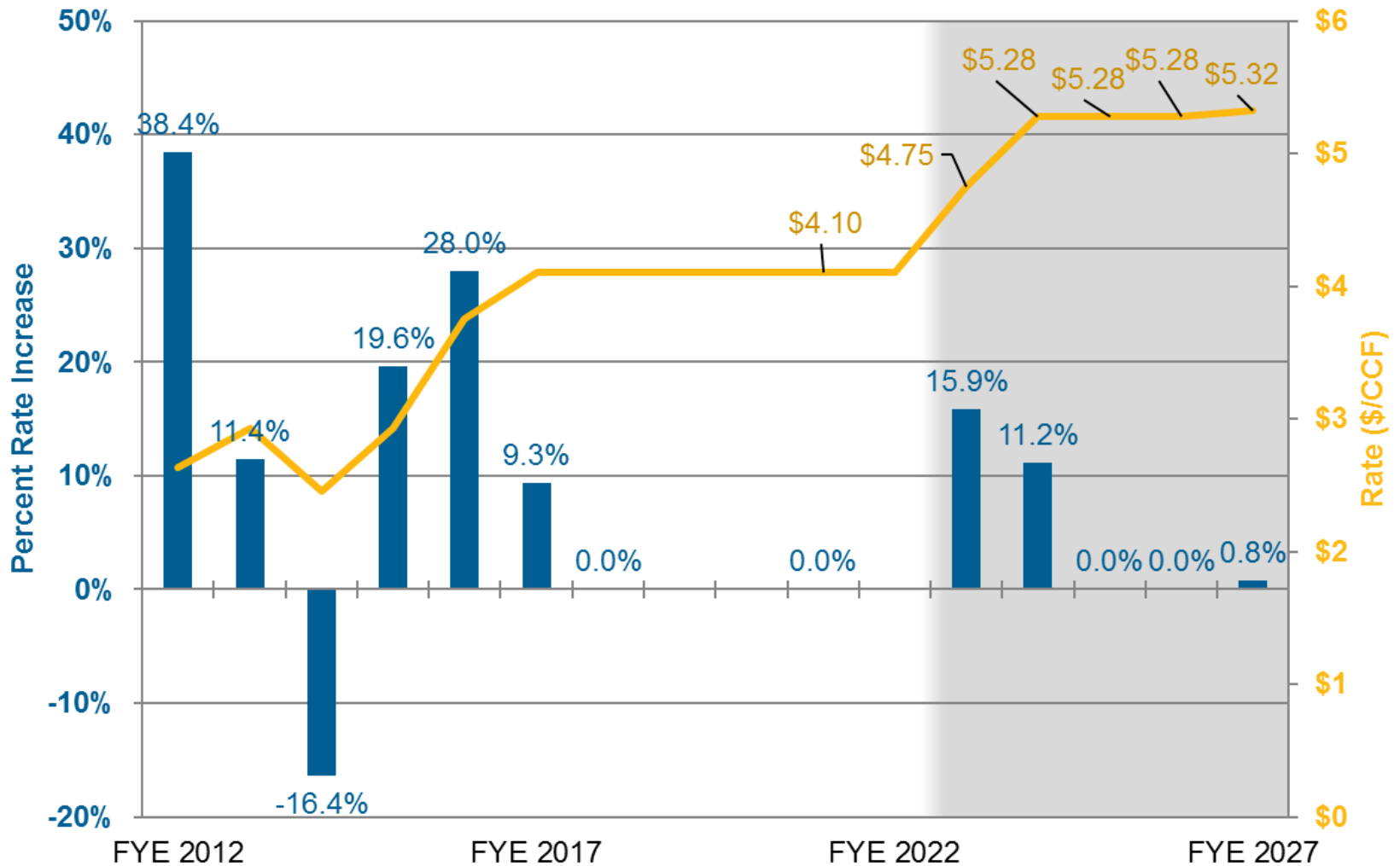
- 5 years of no SFPUC rate changes
- Wholesale sales volumes lower next 2 years: assumed meeting water conservation budgets (113.7 MGD)
- Expenses increasing: debt service and operating
- Balancing
Account projected to be repaid FYE 2023
- Planned debt refunding for April 2022



$$\text{FYE 2023 Rates} = \frac{(\$306.2M + (-\$42.4M + \$2.7M))}{113.7 \text{ MGD}} = \$4.75/ccf$$

$$\frac{\text{Wholesale Revenue Requirement (+/- Adjustments)}}{\text{wholesale volumes}}$$

Historic and Projected Wholesale Rates





DATE: February 25, 2022
TO: MPWD Finance Committee
FROM: Tammy Rudock, General Manager
RE: Proposed Schedule for Finance Committee Meetings

MEMORANDUM

Staff proposes 9:30AM or 10:00AM on the following dates for CY 2022 committee meetings and projected discussion items:

March 9, 2022

- SFPUC Pass-Thru Water Rate Adjustment for FY 2022/2023

April 13, 2022

- Draft FY 2022/2023 Operating and Capital Budgets
- Revised Review – Water Capacity Charges and Water Demand Offset Fees

May 4, 2022

- Proposed FY 2022/2023 Operating and Capital Budgets
- Revised Review - Miscellaneous Fee Schedule

June 8, 2022

- Revised Review – DRAFT MPWD Financial Control Policy
- 2016 COPs Refunding
- New Debt Issuance for 2023-2028 CIP

September 7, 2022

- Revised Review – Water Rates Study & Financial Plan
- Proposed Water Rates, including Projected SFPUC Pass-Thru Adjustment, effective January 1, 2023
- 2016 COPs Refunding
- New Debt Issuance for 2023-2028 CIP

October 12, 2022:

- Financial Audit Exit Conference for FYE June 30, 2022
- Revised Review – Water Rates Study & Financial Plan