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**BOARD FINANCE COMMITTEE MEETING  
THURSDAY MAY 16, 2024, at 9:30 AM**

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## **AGENDA**

Public comments may be submitted via email to  
General Manager, Kat Wuelfing, at [kwuelfing@midpeninsulawater.org](mailto:kwuelfing@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. Comments submitted after the meeting is called to order will be included in the correspondence that will be provided to the full Board.

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

The zoom meeting link is available here: <https://www.midpeninsulawater.org/zoom>

Should Zoom not be operational, please check online at: [www.midpeninsulawater.org](http://www.midpeninsulawater.org) for any updates or further instruction.

**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. Discuss Preliminary Summary Draft FY2024/2025 Operating and Capital Budgets**

**4. Discuss Preliminary 5-Year Capital Improvement Program Budget**

**5. Discuss Potential Customer Rate Scenarios**

**6. Adjournment**

This agenda was posted at the Mid-Peninsula Water District's office, 1075 Old County Road, Suite A, in Belmont, California, and on its website at [www.midpeninsulawater.org](http://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 at (650) 591-8941 or [kwuelfing@midpennsulawater.org](mailto:kwuelfing@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.*

**MID-PENINSULA WATER DISTRICT**  
**MONTHLY BUDGET REPORT- OPERATIONS**  
**PRELIMINARY DRAFT - 5.1.2024**  
**SUMMARY PAGE**

	DESCRIPTION	FY 2023-2024		PRELIMINARY FY 2024-25 BUDGET	INCREASE / (DECREASE) FY 2022-23 TO FY 2023-24	% Change
		APPROVED FY 2023-24 BUDGET \$	ACTUALS 7/1/2023- 4/10/2023			
<b>5</b>	<b>OPERATING REVENUE</b>					
6	WATER COMMODITY CHARGES	10,640,000	8,045,777	11,576,200	936,200	8.8%
7	FIXED SYSTEM CHARGES	3,197,000	2,398,324	3,197,000	-	0.0%
8	FIRE SERVICE CHARGES	18,000	13,153	18,000	-	0.0%
9	MISC CUSTOMER ACCOUNT FEES	99,700	80,489	98,700	(1,000)	-1.0%
10	SERVICE LINE & INSTALLATION CHARGES	60,000	53,306	60,000	-	0.0%
11	MISCELLANEOUS OPERATING	3,000	28,254	3,000	-	0.0%
<b>12</b>	<b>TOTAL OPERATING REVENUE (SOURCES)</b>	<b>14,017,700</b>	<b>10,619,302</b>	<b>14,952,900</b>	<b>935,200</b>	<b>75.8%</b>
13	WATER SYSTEM CAPACITY CHARGES	60,000	-	60,000	-	0.0%
14	WATER DEMAND OFFSET CHARGES	15,000	-	15,000	-	0.0%
15	PROPERTY TAX REVENUE	545,000	421,019	545,000	-	0.0%
16	LEASE OF PHYSICAL PROPERTY	198,000	163,492	168,000	(30,000)	-15.2%
17	MISCELLANEOUS NON-OPERATING	844,000	557,898	75,000	(769,000)	-91.1%
18	INTEREST REVENUE - PARS	41,000	27,365	41,000	-	0.0%
19	INTEREST REVENUE-LAIF	200,000	119,270	100,000	(100,000)	-50.0%
20	INTEREST REVENUE-COP	182,000	142,041	273,000	91,000	50.0%
21	INTEREST REVENUE-US TREASURIES	262,000	316,406	393,000	131,000	50.0%
22	LANDSCAPE PERMIT REVENUE	4,000	2,800	4,000	-	0.0%
<b>23</b>	<b>TOTAL NON-OPERATING REVENUE (SOURCES)</b>	<b>2,351,000</b>	<b>1,750,292</b>	<b>1,674,000</b>	<b>(677,000)</b>	<b>74.4%</b>
<b>24</b>	<b>TOTAL REVENUE (SOURCES)</b>	<b>16,368,700</b>	<b>12,369,594</b>	<b>16,626,900</b>	<b>258,200</b>	<b>75.6%</b>
<b>26</b>	<b>OPERATING EXPENDITURES (USES)</b>					
27	SALARIES & WAGES	2,311,000	1,659,869	2,772,868	461,868	20.0%
28	PAYROLL TAXES & BENEFITS	1,125,000	634,425	1,176,865	51,865	4.6%
29	PURCHASED WATER	6,048,000	4,653,231	6,640,719	592,719	9.8%
30	OUTREACH & EDUCATION	80,000	30,148	80,000	-	0.0%
31	M&R - OPS SYSTEMS	620,000	285,601	630,000	10,000	1.6%
32	M&R - FACILITIES & EQUIPMENT	215,000	126,017	222,000	7,000	3.3%
33	FLOOD RECOVERY	20,000	18,394	-	(20,000)	-100.0%
34	SYSTEM SURVEYS	15,000	7,805	55,000	40,000	266.7%
35	ADMINISTRATION & EQUIPMENT	604,000	310,858	606,000	2,000	0.3%
36	MEMBERSHIP & GOV FEES	345,000	253,623	345,000	-	0.0%
37	BAD DEBT & CLAIMS	90,000	-	15,000	(75,000)	-83.3%
38	UTILITIES	474,000	351,166	506,400	32,400	6.8%
39	PROFESSIONAL SERVICES	1,464,000	526,426	1,006,500	(457,500)	-31.3%
40	TRAINING/TRAVEL & RECRUITMENT	49,000	23,214	87,500	38,500	78.6%
41	DEBT SERVICE	1,040,000	692,397	1,055,000	15,000	1.4%
<b>42</b>	<b>TOTAL OPERATING EXPENSES (USES)</b>	<b>14,500,000</b>	<b>9,573,174</b>	<b>15,198,852</b>	<b>698,852</b>	<b>34.0%</b>
<b>43</b>	<b>NET SOURCES OVER/(UNDER) USES</b>	<b>1,868,700</b>	<b>2,796,420</b>	<b>1,428,048</b>	<b>(440,652)</b>	<b>-49.6%</b>
<b>44</b>	<b>CAPITAL ITEMS</b>					
45	Trucks (2 trucks)			200,000		
46	Surveillance Equipment for Tanks / Facilities			40,000		
47	Misc. Equipment			30,000		
48	Valve Turner			30,000		
49	Air Relief and Vacuum Valves			100,000		
50	Construction Projects - PayGo			4,640,000		
51	Construction Projects - Debt Financing			7,688,750		
<b>52</b>	<b>TOTAL CAPITAL ITEMS</b>	<b>-</b>	<b>-</b>	<b>12,728,750</b>	<b>-</b>	<b>0.0%</b>
<b>53</b>	<b>NON-CASH REVENUES / (EXPENSES)</b>					
54	INVESTMENT FAIR VALUE CHANGES	-	-	-	-	
55	PENSION EXPENSE	-	-	-	-	
56	DEPRECIATION	-	-	-	-	
<b>57</b>	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>12,728,750</b>	<b>-</b>	<b>0.0%</b>
<b>58</b>	<b>NET SURPLUS/(LOSS)</b>	<b>1,868,700</b>	<b>2,796,420</b>	<b>(11,300,702)</b>	<b>(440,652)</b>	<b>-49.6%</b>
<b>59</b>	<b>TRANSFER FROM (TO) WORKING CAPITAL RESERVES*</b>	<b>(1,868,700)</b>	<b>(2,796,420)</b>	<b>11,300,702</b>	<b>440,652</b>	
<b>60</b>	<b>NET TRANSFERS TO CAPITAL</b>					
<b>61</b>	<b>DEBT SERVICE COVERAGE</b>	<b>1.25</b>	<b>3.36</b>	<b>1.44</b>		

61			Amended	Year-to-	Preliminary		
62			Budget	Date Actuals	Budget		
63	Account Number	Description	FY 2024	4/10/2024	FY 2025		
64	REVENUES						
65	1-400-4010-40-00	Water Charges	\$ 9,793,806	\$ 9,557,671	\$ 10,640,000	\$ 8,053,989	\$ 11,576,200
66	1-400-4010-41-00	Water Refunds	(931)	1,496	-	(3)	-
67	1-400-4010-42-00	Returned Water Charges	(12,126)	-	-	(8,209)	-
68	1-400-4010-43-00	Water Sales Sent To Collections	767	339	-	-	-
69	1-400-4020-00-00	Fixed System Charges	3,176,734	3,175,460	3,197,000	2,398,324	3,197,000
70	1-400-4030-00-00	Fire Service Fees	17,147	17,274	18,000	13,153	18,000
71	1-400-4040-00-00	Credit Card Fees	23,073	39,957	46,000	34,794	46,000
72	1-400-4041-00-00	Late Fees	17,701	33,406	33,000	31,440	33,000
73	1-400-4042-00-00	48 Hour Notice Fees	6,265	18,772	17,000	12,330	17,000
74	1-400-4043-00-00	Shut Off Fees	2,850	4,125	2,700	1,725	2,700
75	1-400-4044-00-00	After Hours Fees	400	-	1,000	200	-
76	1-400-4050-00-00	Service Line & Install Charges	85,625	153,774	60,000	53,306	60,000
77	1-400-4060-00-00	Water System Capacity Charges	1,605,368	1,645,297	60,000	-	60,000
78	1-400-4070-00-00	Water Demand Offset Charges	1,346	31,916	15,000	-	15,000
79	1-400-4080-00-00	Misc - Operating Revenue	61,488	18,500	3,000	28,254	3,000
80	1-400-4090-00-00	Misc - Non Operating Revenue	804,393	73,742	844,000	557,898	75,000
81	1-410-4101-00-00	Interest Revenue - Opeb Pars	-	110,336	41,000	27,365	41,000
82	1-400-4102-00-00	Interest Revenue- Laif	-	-	-	-	-
83	1-410-4102-00-00	Interest Revenue- Laif	51,640	258,315	200,000	119,270	100,000
84	1-410-4103-00-00	Interest Revenue- Bank	44,044	203,296	182,000	142,041	273,000
85	1-410-4104-00-00	US Treasuries	-	203,224	262,000	316,406	393,000
86	1-410-4105-00-00	GASB 87 lease income	-	34,168	-	-	-
87	1-420-4201-44-00	Lease Of Physical Property	150,630	180,937	198,000	163,492	168,000
88	1-420-4201-45-00	GASB 87 lease adjustment rev	-	(35,100)	-	-	-
89	1-420-4202-45-00	Property Tax Revenue	438,258	506,145	545,000	421,019	545,000
90	1-420-4204-00-00	Contributed Capital	13,332	-	-	-	-
91	1-420-4208-46-00	Landscape Plan Permit Review	10,226	1,200	4,000	2,800	4,000
92	<b>Total Revenues</b>		<b>\$ 16,292,035</b>	<b>\$ 16,234,249</b>	<b>\$ 16,368,700</b>	<b>\$ 12,369,594</b>	<b>\$ 16,626,900</b>

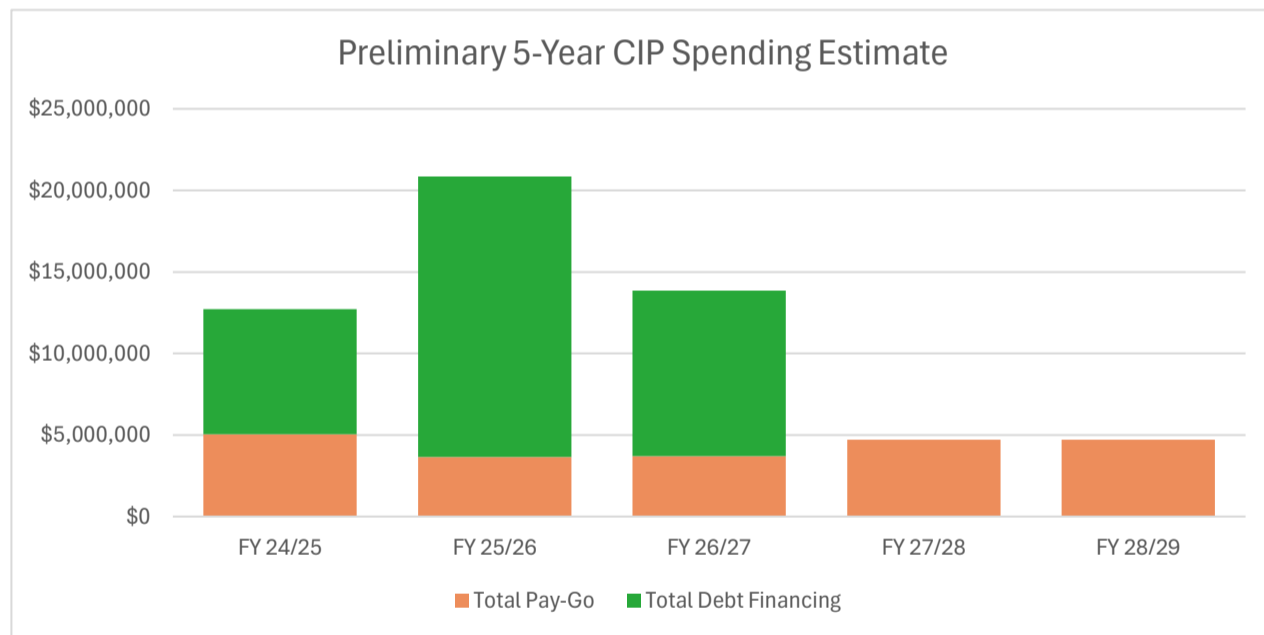
93			Amended	Year-to-	Preliminary		
94			Budget	Date Actuals	Budget		
95	Account Number	Description	FY 2024	4/10/2024	FY 2025		
96	EXPENSES						
97	1-601-6010-50-00	Salaries & Wages	\$ 1,752,442	\$ 2,158,486	\$ 1,980,000	\$ 1,361,318	2,604,868
98	1-601-6010-51-00	Director Compensation	7,200	14,600	13,000	8,000	-
99	1-601-6010-52-00	Sick Leave	27,446	41,071	35,000	40,282	-
100	1-601-6010-53-00	Vacation	123,331	105,185	53,000	61,223	-
101	1-601-6010-54-00	Holiday	51,429	71,429	42,000	47,221	-
102	1-601-6010-55-00	Administrative	20,394	32,393	20,000	10,777	-
103	1-602-6020-56-00	Overtime Labor	35,724	68,457	120,000	102,439	120,000
104	1-602-6020-57-00	Standby Labor	39,438	39,116	48,000	28,610	48,000
105	1-603-6030-58-00	Fica/Medicare Pr Tax	141,939	184,070	160,000	118,383	190,937
106	1-603-6030-59-00	Acwa Health Care	360,986	276,284	349,000	224,094	407,585
107	1-603-6030-60-00	Awca Dental	24,850	27,984	15,000	19,362	37,016
108	1-603-6030-61-00	Acwa Vision	4,583	4,856	3,000	3,774	5,796
109	1-603-6030-62-00	Acwa Life/Ad&D	5,047	3,597	4,000	4,670	6,829
110	1-603-6030-63-00	Standard Ldl/Sdl Disability	11,226	17,777	12,000	10,499	12,000
111	1-603-6030-64-00	Workers Comp Insurance	31,750	62,814	50,000	28,846	50,000
112	1-603-6030-66-00	Calpers Retirement - Er 2%@55	164,428	163,390	175,500	114,527	255,112
113	1-603-6030-66-01	CALPERS UAL Fresh Start 7/1/18	-	-	175,500	-	30,590
114	1-603-6030-67-00	Retirees' Acwa Health Care	-	(1,270)	-	32,697	-
115	1-603-6030-68-00	Directors' Acwa Health Care	68,439	58,007	61,000	58,817	61,000
116	1-603-6030-70-00	Medical Reimbursement	30,253	52,817	50,000	4,816	50,000
117	1-603-6030-71-00	Employee Service Recognition	4,496	18,414	10,000	4,162	10,000
118	1-603-6030-72-00	EE Safety Incentive/Wellness	27,208	18,470	40,000	1,680	40,000
119	1-603-6030-73-00	Uniforms	17,252	13,034	20,000	8,098	20,000
120	1-603-6030-76-00	EE Wellness Program	750	14,618	-	-	-
121	1-610-6100-76-00	Sfpuc Treated Water	4,857,178	5,251,380	5,585,000	4,307,496	6,076,480
122	1-610-6100-77-00	Bawsca (Debt Service Surcharge)	513,000	418,758	383,000	287,037	427,239
123	1-610-6100-79-00	Sfpuc Water Service Charge	65,318	81,630	80,000	58,698	90,000
124	1-630-6301-00-00	Water Conservation Program	8,251	8,749	10,000	5,835	10,000
125	1-630-6302-00-00	School Conservation Program	14,157	10,627	15,000	4,082	15,000
126	1-630-6303-00-00	Public Outreach & Education	14,382	28,113	25,000	5,859	25,000
127	1-634-6304-80-00	Smart Irrigation Rebates	778	164	2,000	329	2,000
128	1-634-6304-81-00	Irrigation Hardware Rebate	-	130	1,000	548	1,000
129	1-634-6304-82-00	Lawn-Be-Gone Rebates	13,406	3,407	25,000	13,723	25,000
130	1-634-6304-83-00	Rain Barrels Rebate	901	1,009	2,000	(228)	2,000
131	1-640-6401-00-00	Water Quality	48,130	54,142	60,000	29,137	60,000
132	1-640-6402-00-00	Pumping	21,261	36,755	20,000	10,788	20,000
133	1-640-6403-00-00	Storage Tanks	12,830	2,306	34,000	27,305	34,000
134	1-640-6404-00-00	Mains/Distribution	265,803	119,998	180,000	45,907	180,000
135	1-640-6405-00-00	Meters & Service	41,466	107,128	176,000	128,022	176,000
136	1-640-6406-00-00	Fire Hydrants	4,604	80,099	80,000	6,793	80,000
137	1-640-6407-00-00	Regulator Stations	3,344	5,550	5,000	439	15,000
138	1-640-6408-00-00	Employee Safety	6,180	12,822	15,000	3,668	15,000
139	1-640-6409-00-00	Scada Maintenance	46,570	44,740	35,000	33,543	35,000
140	1-640-6410-00-00	Generator Maintenance	13,868	13,116	15,000	-	15,000
141	1-650-6501-00-00	Buildings & Grounds	116,173	102,747	130,000	90,054	-
142		<i>Tree pruning/removal/replacement</i>					50,000
143		<i>Landscape maintenance &amp; permit fees</i>					80,000
144	1-650-6502-00-00	Equipment & Tools	6,969	15,464	20,000	5,534	20,000
145	1-650-6503-00-00	Vehicle & Large Equip	34,702	14,609	30,000	11,887	30,000
146	1-650-6504-00-00	Fuel	44,816	32,073	35,000	18,542	42,000
147	1-650-6505-00-00	2022 FLOOD RECOVERY	-	115,967	20,000	18,394	-
148	1-650-6506-00-00	Replacement for 4/14 incident					-
149	1-660-6601-00-00	Cathodic Protection Survey	-	28,970	-	-	-
150	1-660-6602-00-00	Leak Detection Survey	-	-	-	-	40,000
151	1-670-6701-00-00	Office Supplies	12,640	18,489	15,000	7,805	15,000
152	1-670-6702-00-00	Insurance-Liability/Vehicle	279,571	194,973	209,000	62,031	209,000
153	1-670-6703-00-00	Postage	5,252	5,769	2,000	415	2,000
154	1-670-6704-00-00	Printing/Printing Supplies	5,638	631	2,000	769	2,000
155	1-670-6705-00-00	Equipment Services/Maintenance	16,649	11,504	17,000	9,160	17,000
156	1-670-6706-00-00	Computer Supplies & Upgrades	19,141	24,119	23,000	6,476	23,000
157	1-670-6706-01-00	Website Hosting Services	-	-	7,000	4,305	7,000
158	1-670-6707-00-00	Security & Safety	34,109	24,109	28,000	18,795	28,000
159	1-670-6708-00-00	Other Fees	-	492	-	-	-
160	1-670-6709-00-00	Customer Credit Card Svs Fees	162,706	149,259	165,000	96,576	165,000
161	1-670-6709-02-00	Check Processing Fees	40	-	-	-	-
162	1-670-6709-03-00	Bank Service Charges	109	3,006	6,000	4,169	6,000
163	1-670-6710-00-00	PROPERTY LEASE	-	-	145,000	108,162	147,000
164	1-680-6801-00-00	Dues & Publications	27,103	39,260	50,000	35,924	50,000
165	1-680-6802-00-00	Gov'T Fees & Licenses	60,433	71,402	70,000	57,356	-

93							
94			Actuals	Actuals	Amended	Year-to-	Preliminary
95	Account Number	Description	FY 2022	FY 2023	Budget	Date Actuals	Budget
					FY 2024	4/10/2024	FY 2025
166		Water Board					42,000
167		Others					28,000
168	1-680-6803-00-00	Bawsca Membership Assessments	72,695	99,130	100,000	99,130	100,000
169	1-680-6803-01-00	New: BAWSCA Water Management Charge	-	-	-	-	47,000
170	1-680-6804-00-00	Env Health-Cross Con Inspection	37,175	38,459	45,000	43,284	45,000
171	1-680-6805-00-00	Software Licenses	61,906	83,763	80,000	17,929	
172		Springbrook					37,000
173		Granicus					8,500
174		Spatial Wave					15,000
175		ESRI					5,000
176		Other Software (office 365, etc...)					14,500
177	1-690-6901-00-00	Bad Debt & Claims	-	-	80,000	-	5,000
178	1-690-6902-00-00	Claims	4,747	-	10,000	-	10,000
179	1-700-7001-00-00	Utilities - Internet/Cable	17,544	17,457	53,000	10,029	53,000
180	1-700-7002-00-00	Utilities - Cell Telephone	17,277	15,102	14,000	10,145	34,400
181	1-700-7003-00-00	Utilities - Electric - Pumping	273,018	315,573	350,000	261,526	360,500
182	1-700-7004-00-00	Utilities - Electric-Bldgs&Grnd	31,199	46,894	50,000	41,528	51,500
183	1-700-7005-00-00	Utilities - Telephones	26,640	31,066	-	22,919	-
184	1-700-7006-00-00	Utilities - Sewer - Npdes	6,191	4,825	7,000	5,019	7,000
185	1-710-7101-00-00	Prof Serv - District Counsel	96,658	81,990	125,000	89,251	125,000
186	1-710-7102-00-00	Prof Serv - District Engineer	74,872	117,024	100,000	98,003	120,000
187	1-710-7103-00-00	Prof Serv - It	83,654	85,630	75,000	34,843	85,000
188	1-710-7104-00-00	Prof Serv - Annual Finance audit	21,868	21,225	24,000	24,570	24,000
189	1-710-7105-00-00	Prof Serv - Mngmt Consult	-	-	120,000	28,928	60,000
190	1-710-7106-00-00	Prof Serv - Accting & Payroll	27,953	27,211	30,000	14,857	30,000
191	1-710-7107-00-00	Prof Serv - Customer Billing	72,733	57,409	65,000	44,526	65,000
192	1-710-7108-00-00	Prof Serv - Recruiting	11,492	6,899	40,000	7,896	30,000
193	1-710-7109-00-00	Prof Serv - Answering Svs	3,596	3,372	5,000	3,372	5,000
194	1-710-7110-00-00	Prof Serv - Miscellaneous	668,719	302,660	310,000	100,211	
195		Dayco			100,000		50,000
196		OTS			100,000		50,000
197		Dan Bergman			10,000		2,500
198		Scada audit			30,000		30,000
199		Other			100,000		75,000
200		Outside legal counsel					15,000
201		Davidson			90,000		90,000
202	1-710-7111-00-00	Prof Serv - District Treasurer	-	38,794	140,000	79,968	150,000
203	1-720-7201-00-00	Director Travel	1,297	3,541	4,000	988	5,000
204	1-720-7202-00-00	Director Expenses	446	1,705	1,000	251	-
205	1-720-7203-00-00	Elections	3,832	3,580	-	-	38,500
206	1-720-7204-00-00	Employee Travel/Training	62,874	45,253	36,000	17,356	36,000
207	1-720-7205-00-00	Meeting Expenses	5,430	6,178	8,000	4,619	8,000
208	1-740-7401-00-00	Debt Svs Trustee Fees & Exp	3,081	4,123	4,282	-	4,282
209	X-XXX-XXXX-XX-XX	Debt Service - Principal	385,000	405,000	420,000	420,000	435,000
210	1-740-7405-00-00	Financing Cost Interest	678,017	665,364	647,000	272,397	647,000
211	1-740-7406-00-00	Finance Cost Prem Amort	(31,282)	(31,282)	(31,282)	-	(31,282)
212	1-900-9010-00-00	Depreciation And Amortization	1,045,659	1,060,161	-	-	-
213	1-900-9015-00-00	COP 2016 Original Issue Prem	-	-	-	-	-
214	1-900-9020-00-00	Gain/Loss on Sale of FA's	-	205,630	-	-	-
215	1-900-9100-00-00	Capital Contrib-Other Agency	-	92,700	-	-	-
216		<b>Total Cash Expenditures</b>	<b>\$ 13,492,379</b>	<b>\$ 14,435,498</b>	<b>\$ 14,500,000</b>	<b>\$ 9,573,174</b>	<b>\$ 15,198,852</b>

216				Amended	Year-to-	Preliminary
217				Actuals	Date Actuals	Budget
218	Account Number	Project #	Description	FY 2023	FY 2024	FY 2025
219	<b>PROPOSED PAY-GO CAPITAL</b>					
220	1-900-9500-00-00		Capitalized Equipment			
221			Trucks		60,000	200,000
222			Surveillance Equipment for Tanks/Facilities		40,000	40,000
223			Misc Equipment		30,000	30,000
224			Valve Turner		-	30,000
225			Install ARV's (air relief and vacuum valves)		-	100,000
226	1-950-9510-01-01	15-75a	Old County Road Improvements		4,952,011	225,000
227	1-950-9510-01-02	15-09/15-19	Dekoven Tank Util/Lincoln/Newlands/Oak Knoll WMR		210,000	3,000,000
228	1-950-9510-01-03	24-08	Exborne West Tank Recoating		-	675,000
229	1-950-9510-01-04	24-09	Hallmark North Tank Recoating		-	610,000
230	1-950-9510-01-05	24-10	West Belmont North Tank Recoating		-	130,000
231						<b>\$ 5,040,000</b>
232	<b>PROPOSED DEBT FINANCING CAPITAL</b>					
233	1-950-9520-01-01	20-09	Dairy Lane Ops Center Rehab Design		76,500	2,400,000
234	1-950-9520-01-02	24-07	Folger Drive Property Improvements		75,000	2,700,000
235	1-950-9520-01-03	15-89	Dekoven Tanks Replacement		-	1,897,500
236	1-950-9520-01-04	15-72b	SR 101 Crossing at PAMF Hospital - Phase 2		-	691,250
237						<b>\$ 7,688,750</b>

**Preliminary 5-Year CIP Budget**

CIP #	Project	Proposed Funding	Total	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
--	(Capitalized Equipment)	Pay-Go	\$ 1,200,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
CIP 15-75a	Old County Road Improvements	Pay-Go	\$ 225,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -
CIP 15-09/ 15-19	Dekoven Tank Util/Lincoln/Newlands/Oak Knoll WMR	Pay-Go	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
CIP 20-09	Dairy Lane Operations Center Rehabilitation - Design	Debt Finance	\$ 4,800,000	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -	\$ -
CIP 20-10	Dairy Lane Operations Center Rehabilitation - Construction	Debt Finance	\$ 14,500,000	\$ -	\$ 4,350,000	\$ 10,150,000	\$ -	\$ -
CIP 24-07	Folger Property Improvements	Debt Finance	\$ 5,400,000	\$ 2,700,000	\$ 2,700,000	\$ -	\$ -	\$ -
CIP 15-89	Dekoven Tanks Replacement	Debt Finance	\$ 7,590,000	\$ 1,897,500	\$ 5,692,500	\$ -	\$ -	\$ -
CIP 15-72b	SR 101 Crossing at PAMF Hospital - Phase 2	Debt Finance	\$ 2,765,000	\$ 691,250	\$ 2,073,750	\$ -	\$ -	\$ -
CIP 24-08	Exborne West Tank Recoating	Pay-Go	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ -	\$ -
CIP 24-09	Hallmark North Tank Recoating	Pay-Go	\$ 3,050,000	\$ 610,000	\$ 2,440,000	\$ -	\$ -	\$ -
CIP 24-10	West Belmont North Tank Recoating	Pay-Go	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -
--	Other Projects (Not Yet Identified)	Pay-Go	\$ 13,500,000	\$ -	\$ 1,000,000	\$ 3,500,000	\$ 4,500,000	\$ 4,500,000
		<b>Total Pay-Go</b>	<b>\$ 21,780,000</b>	<b>\$ 5,040,000</b>	<b>\$ 3,640,000</b>	<b>\$ 3,700,000</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>
		<b>Total Debt Financing</b>	<b>\$ 35,055,000</b>	<b>\$ 7,688,750</b>	<b>\$ 17,216,250</b>	<b>\$ 10,150,000</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total</b>	<b>\$ 55,410,000</b>	<b>\$ 12,103,750</b>	<b>\$ 20,656,250</b>	<b>\$ 13,650,000</b>	<b>\$ 4,500,000</b>	<b>\$ 4,500,000</b>





# Preliminary 5-Year Capital Improvement Program Budget

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- Preliminary 5-year CIP Budget
- CIP is currently being updated by PCG
- Board will need to decide what should be pay-go vs. financed. Staff has made assumptions for discussion purposes.

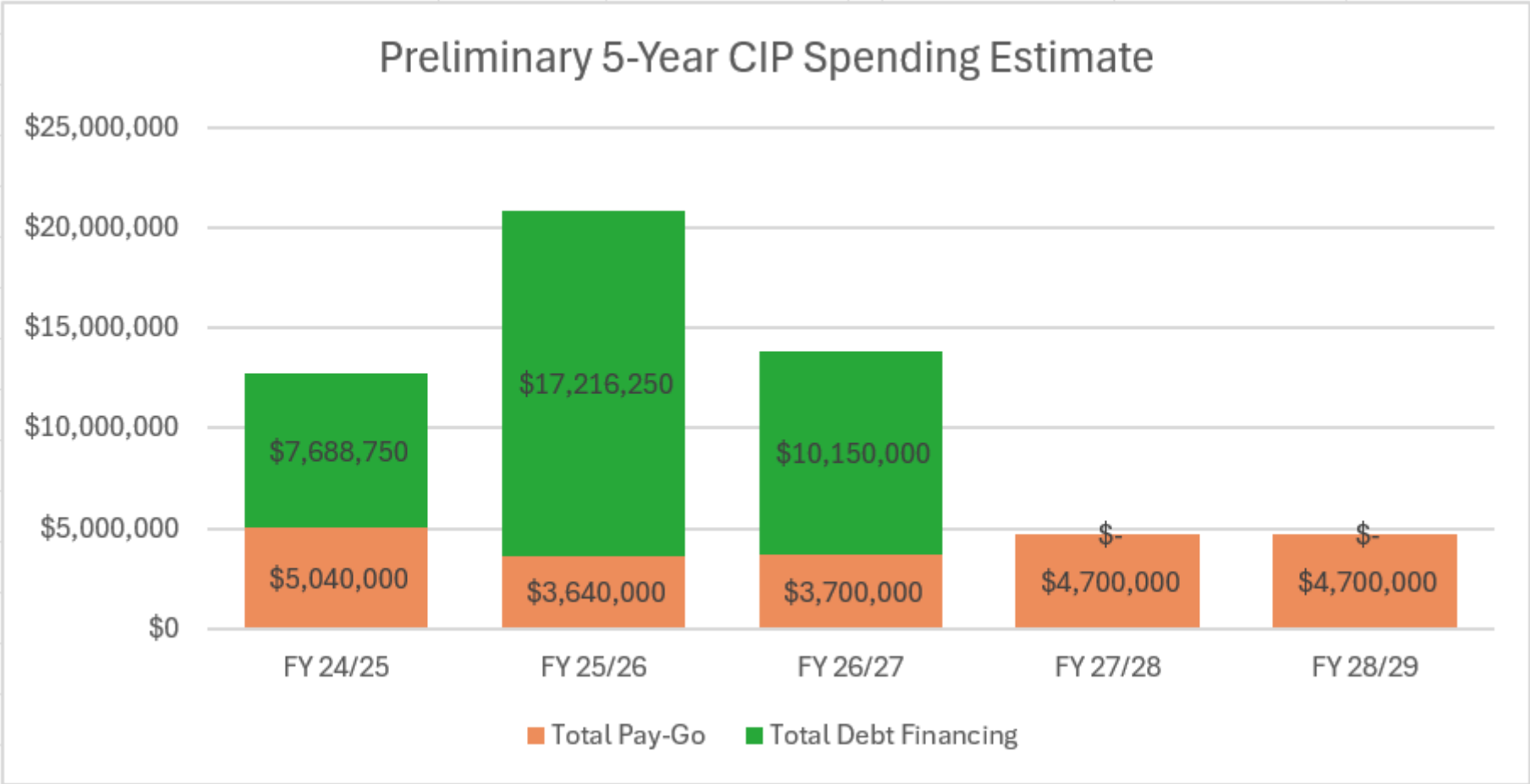


# Preliminary 5-Year CIP Budget

CIP #	Project	Proposed Funding	Total	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
--	(Capitalized Equipment)	Pay-Go	\$ 1,200,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
CIP 15-75a	Old County Road Improvements	Pay-Go	\$ 225,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -
CIP 15-09/ 15-19	Dekoven Tank Util/Lincoln/Newlands/Oak Knoll WMR	Pay-Go	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
CIP 20-09	Dairy Lane Operations Center Rehabilitation - Design	Debt Finan	\$ 4,800,000	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -	\$ -
CIP 20-10	Dairy Lane Operations Center Rehabilitation - Construction	Debt Finan	\$ 14,500,000	\$ -	\$ 4,350,000	\$ 10,150,000	\$ -	\$ -
CIP 24-07	Folger Property Improvements	Debt Finan	\$ 5,400,000	\$ 2,700,000	\$ 2,700,000	\$ -	\$ -	\$ -
CIP 15-89	Dekoven Tanks Replacement	Debt Finan	\$ 7,590,000	\$ 1,897,500	\$ 5,692,500	\$ -	\$ -	\$ -
CIP 15-72b	SR 101 Crossing at PAMF Hospital - Phase 2	Debt Finan	\$ 2,765,000	\$ 691,250	\$ 2,073,750	\$ -	\$ -	\$ -
CIP 24-08	Exborne West Tank Recoating	Pay-Go	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ -	\$ -
CIP 24-09	Hallmark North Tank Recoating	Pay-Go	\$ 3,050,000	\$ 610,000	\$ 2,440,000	\$ -	\$ -	\$ -
CIP 24-10	West Belmont North Tank Recoating	Pay-Go	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -
--	Other Projects (Not Yet Identified)	Pay-Go	\$ 13,500,000	\$ -	\$ 1,000,000	\$ 3,500,000	\$ 4,500,000	\$ 4,500,000
		<b>Total Pay-Go</b>	<b>\$ 21,780,000</b>	<b>\$ 5,040,000</b>	<b>\$ 3,640,000</b>	<b>\$ 3,700,000</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>
		<b>Total Debt Financing</b>	<b>\$ 35,055,000</b>	<b>\$ 7,688,750</b>	<b>\$ 17,216,250</b>	<b>\$ 10,150,000</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total</b>	<b>\$ 55,410,000</b>	<b>\$ 12,103,750</b>	<b>\$ 20,656,250</b>	<b>\$ 13,650,000</b>	<b>\$ 4,500,000</b>	<b>\$ 4,500,000</b>

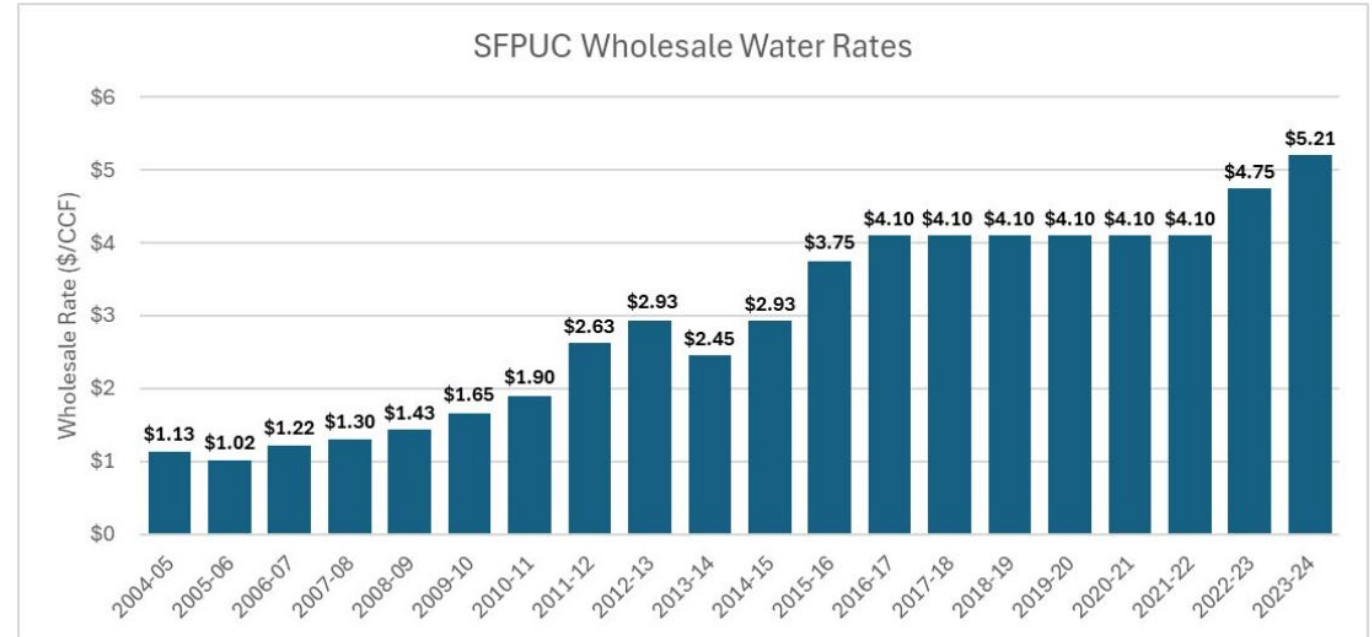


# Preliminary 5-Year CIP Budget



# Recent Rate Increases

- July 1, 2024 – Pass-Through Rate Increase of up to \$0.68 HCF (Up to 9.8% increase relative to lowest residential tier)
- July 1, 2023 – Pass-Through Rate Increase of \$0.46/HCF (7% increase relative to lowest residential tier)
- July 1, 2022 – Pass-Through Rate Increase of \$0.65/HCF (11% increase relative to lowest residential tier)
- July 1, 2021 – No Rate Increase
- July 1, 2020 – No Rate Increase
- July 1, 2019 – Part of 5-Year Rate Study, 3% Increase to MPWD Rates



# CIP Spending – Potential Impacts on Rates

- 4 Scenarios evaluated using HFH Rate Model
- These scenarios were selected as a sensitivity analysis on the rates, **not** as recommendations.
- For every \$1 million per year in PayGo spending, rates would need to increase approximately 1% per year. This estimate makes use of reserves that are currently available for capital spending.
- For every \$1 million in debt issuance, rates would increase approximately 0.4% the year the debt is issued (assuming a 30-year term, 4% interest rate).
- The Board just adopted new reserve targets with the new Financial Management Policy, which greatly increase reserve targets.

Scenario	Annual CIP Pay-Go	Debt Service
A	\$10 million/ year	--
B	\$4 million/ year	\$30 million over 30 years at 5%
C	\$7 million/ year	\$25 million over 30 years at 5%
D	--	\$50 million over 30 years at 5%

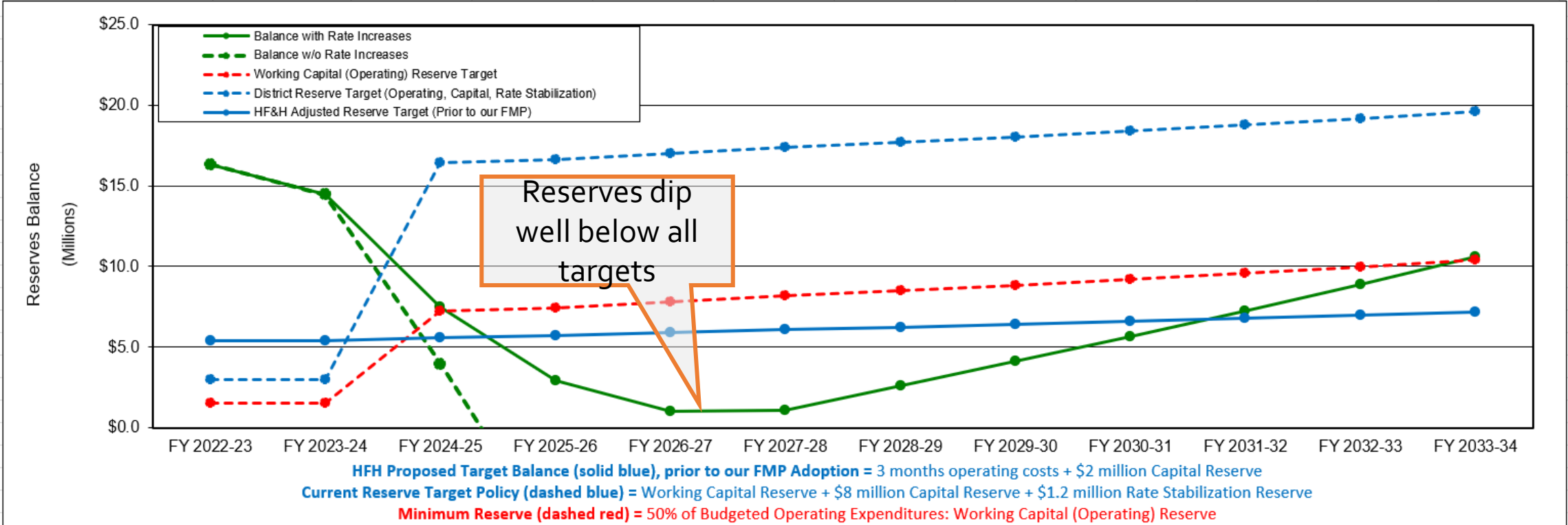


# Scenario A - \$10 million/ year Pay-Go

\*For sensitivity analysis purposes

Big rate increases

Fiscal year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
Eff. Date	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033
<b>Rate Revenue Increases</b>	<b>25.0%</b>	<b>18.0%</b>	<b>17.0%</b>	<b>12.0%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
Cumulative Increase	25.0%	47.5%	72.6%	93.3%	108.7%	115.0%	121.5%	128.1%	134.9%	142.0%
Debt Coverage Ratio (1.30 minimum)	3.94	6.55	9.31	11.52	13.14	13.50	13.83	14.19	14.60	14.12
% of Revenue Generated from Fixed Charge	30.8%	32.2%	32.6%	33.7%	34.7%	36.0%	36.2%	36.4%	36.6%	36.8%

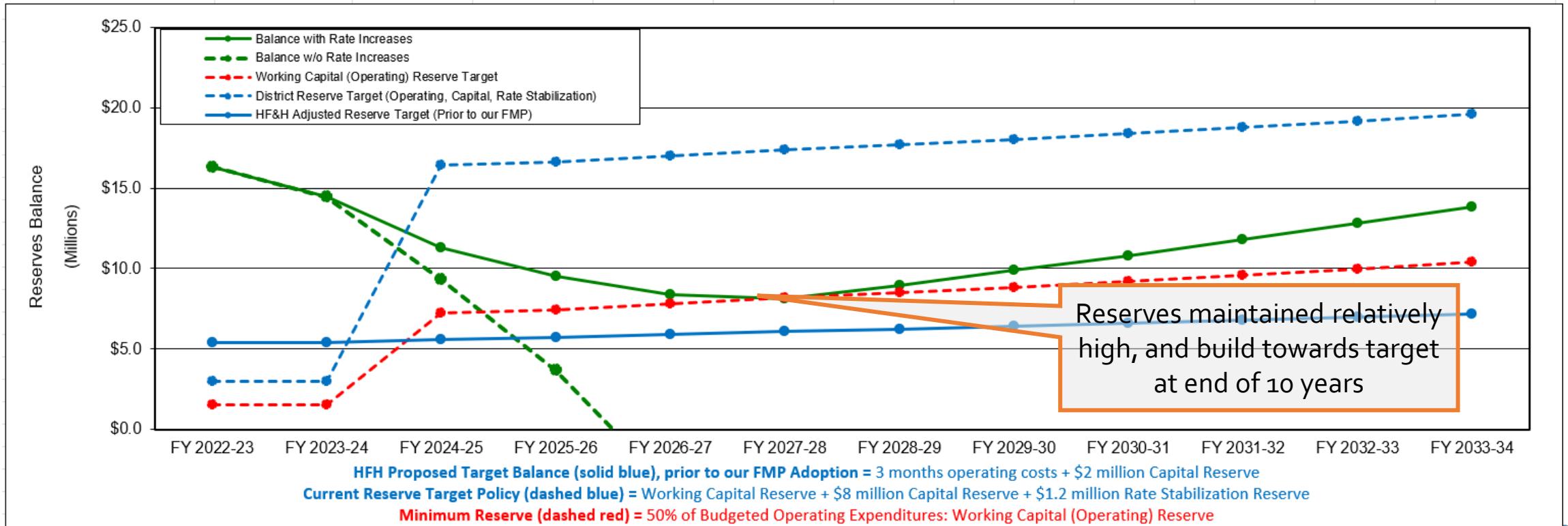


# Scenario B - \$4 million/ year Pay-Go; \$30 million financed 30 years at 4%

\*For sensitivity analysis purposes

More moderate rate increases

Fiscal year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
<i>Eff. Date</i>	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033
<b>Rate Revenue Increases</b>	<b>14.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<i>Cumulative Increase</i>	14.0%	27.7%	43.0%	54.4%	66.8%	71.8%	77.0%	82.3%	87.7%	93.4%
Debt Coverage Ratio (1.30 minimum)	<b>1.38</b>	<b>2.19</b>	<b>2.06</b>	<b>2.43</b>	<b>2.88</b>	<b>2.94</b>	<b>2.99</b>	<b>3.06</b>	<b>3.12</b>	<b>2.85</b>
% of Revenue Generated from Fixed Charge	10.1%	10.4%	10.5%	10.9%	11.0%	11.5%	11.6%	11.7%	11.8%	11.9%

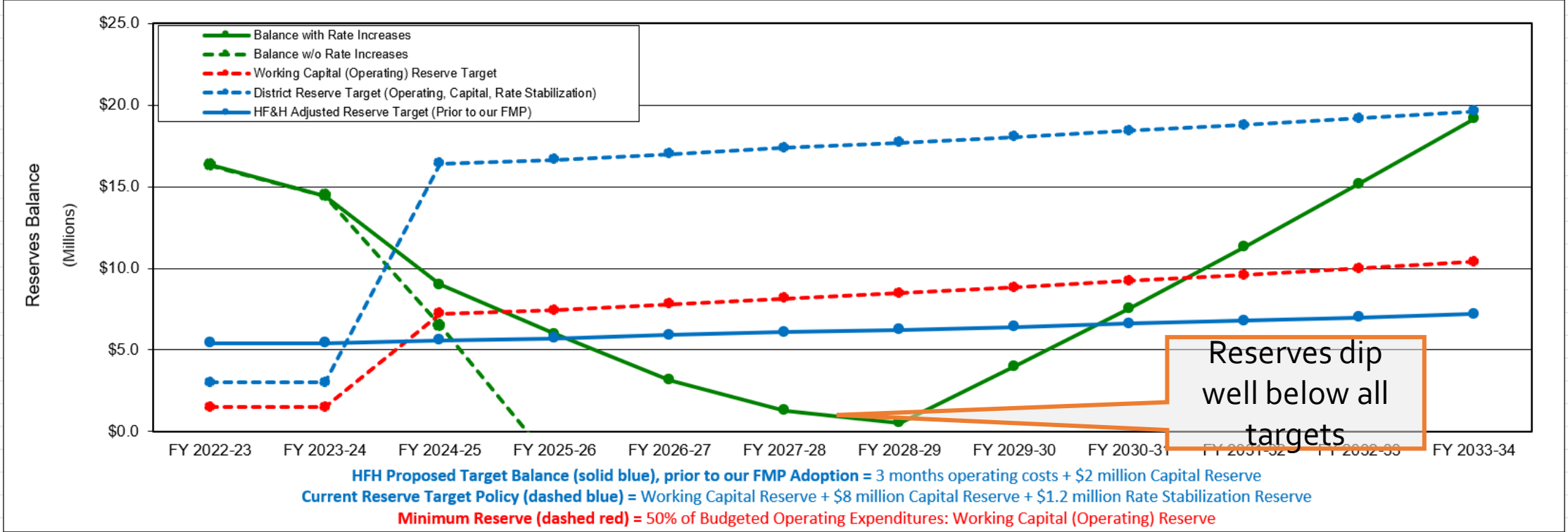


# Scenario C - \$7 million/ year Pay-Go; \$25 million financed 30 years at 4%

\*For sensitivity analysis purposes

Higher rate increases

Fiscal year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
Eff. Date	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033
Rate Revenue Increases	18.0%	18.0%	10.0%	8.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cumulative Increase	18.0%	39.2%	53.2%	65.4%	78.7%	84.0%	89.5%	95.2%	101.1%	107.1%
Debt Coverage Ratio (1.30 minimum)	1.95	3.54	2.85	3.30	3.84	3.94	4.02	4.14	4.24	3.96
% of Revenue Generated from Fixed Charge	20.7%	20.9%	22.2%	22.7%	22.8%	23.8%	24.0%	24.1%	24.3%	24.4%



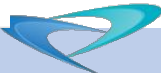
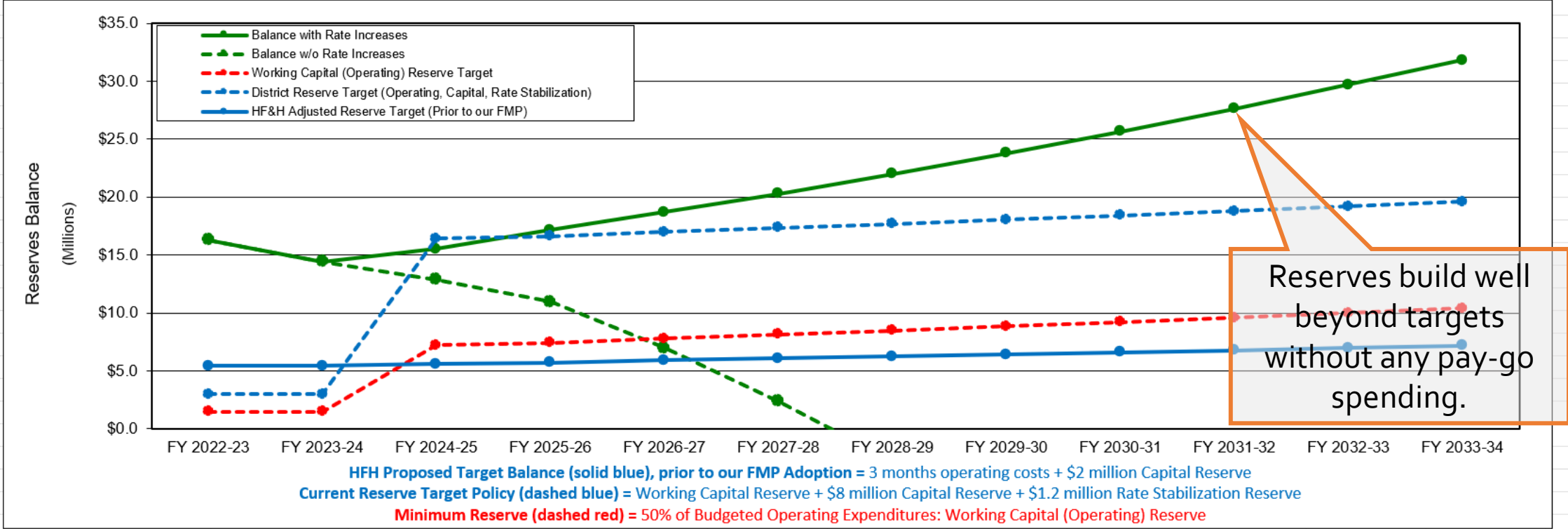


# Scenario D - \$50 million financed 30 years at 4%

\*For sensitivity analysis purposes

High first year increase necessary to maintain debt-service ratio

Fiscal year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
Eff. Date	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033
Rate Revenue Increases	19.0%	5.0%	11.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cumulative Increase	19.0%	25.0%	38.7%	42.9%	47.1%	51.6%	56.1%	60.8%	65.6%	70.6%
Debt Coverage Ratio (1.30 minimum)	1.34	1.56	1.33	1.34	1.37	1.40	1.41	1.44	1.46	1.20
% of Revenue Generated from Fixed Charge	-4.5%	-5.2%	-5.0%	-5.4%	-5.5%	-5.5%	-5.6%	-5.6%	-5.7%	-5.7%



# Preliminary 5-Year CIP Budget

CIP #	Project	Proposed Funding	Total	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
--	(Capitalized Equipment)	Pay-Go	\$ 1,200,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
CIP 15-75a	Old County Road Improvements	Pay-Go	\$ 225,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -
CIP 15-09/ 15-19	Dekoven Tank Util/Lincoln/Newlands/Oak Knoll WMR	Pay-Go	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
CIP 20-09	Dairy Lane Operations Center Rehabilitation - Design	Debt Finan	\$ 4,800,000	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -	\$ -
CIP 20-10	Dairy Lane Operations Center Rehabilitation - Construction	Debt Finan	\$ 14,500,000	\$ -	\$ 4,350,000	\$ 10,150,000	\$ -	\$ -
CIP 24-07	Folger Property Improvements	Debt Finan	\$ 5,400,000	\$ 2,700,000	\$ 2,700,000	\$ -	\$ -	\$ -
CIP 15-89	Dekoven Tanks Replacement	Debt Finan	\$ 7,590,000	\$ 1,897,500	\$ 5,692,500	\$ -	\$ -	\$ -
CIP 15-72b	SR 101 Crossing at PAMF Hospital - Phase 2	Debt Finan	\$ 2,765,000	\$ 691,250	\$ 2,073,750	\$ -	\$ -	\$ -
CIP 24-08	Exborne West Tank Recoating	Pay-Go	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ -	\$ -
CIP 24-09	Hallmark North Tank Recoating	Pay-Go	\$ 3,050,000	\$ 610,000	\$ 2,440,000	\$ -	\$ -	\$ -
CIP 24-10	West Belmont North Tank Recoating	Pay-Go	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -
--	Other Projects (Not Yet Identified)	Pay-Go	\$ 13,500,000	\$ -	\$ 1,000,000	\$ 3,500,000	\$ 4,500,000	\$ 4,500,000
		<b>Total Pay-Go</b>	<b>\$ 21,780,000</b>	<b>\$ 5,040,000</b>	<b>\$ 3,640,000</b>	<b>\$ 3,700,000</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>
		<b>Total Debt Financing</b>	<b>\$ 35,055,000</b>	<b>\$ 7,688,750</b>	<b>\$ 17,216,250</b>	<b>\$ 10,150,000</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total</b>	<b>\$ 55,410,000</b>	<b>\$ 12,103,750</b>	<b>\$ 20,656,250</b>	<b>\$ 13,650,000</b>	<b>\$ 4,500,000</b>	<b>\$ 4,500,000</b>

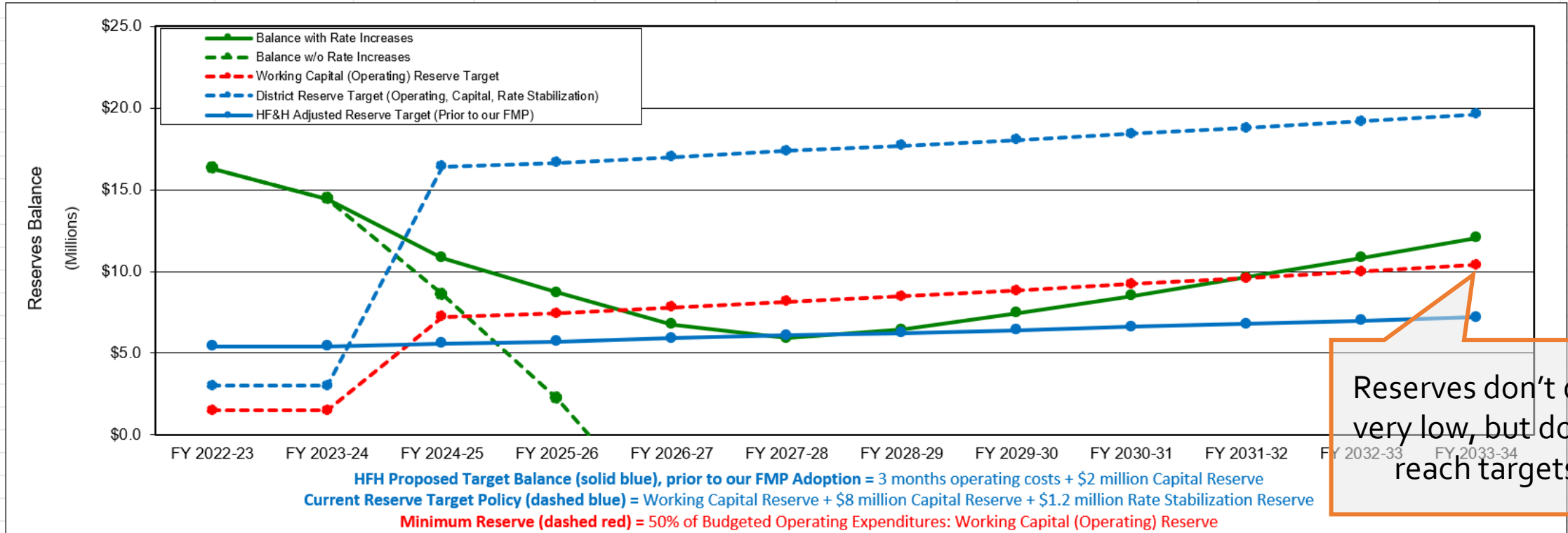


# Current Working Recommendation – for Discussion

\$4.4 million pay-go first 5 years, \$4 million pay-go second 5 years  
 \$35 million financing in 2 rounds  
 Focused to meet the prelim 5-year CIP, but timing of debt is a challenge

High first year increase to meet debt ratio

Fiscal year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34
Eff. Date	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033
Rate Revenue Increases	16.0%	12.0%	10.0%	9.0%	9.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cumulative Increase	16.0%	29.9%	42.9%	55.8%	69.8%	74.9%	80.1%	85.5%	91.1%	96.8%
Debt Coverage Ratio (1.30 minimum)	1.32	2.04	1.86	2.26	2.74	2.80	2.84	2.92	2.98	2.74
% of Revenue Generated from Fixed Charge	11.8%	12.3%	12.6%	12.7%	12.8%	13.6%	13.7%	13.8%	13.9%	14.0%



Reserves don't drop very low, but do not reach targets.

