



# **WESTBOROUGH WATER DISTRICT**

## **Water and Sewer Rate Study**

**June 6, 2024**



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## SECTION 1: INTRODUCTION

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### 1.1 Background

Westborough Water District (WWD or District) is located approximately 15 miles south of San Francisco in San Mateo County. WWD serves a population of about 15,000 in the Westborough neighborhood of the City of South San Francisco. The District's service area covers about 1 square mile.

WWD purchases all of its water from the San Francisco Public Utilities Commission (SFPUC) and has an agreement with the North San Mateo County Sanitation District (NSMCSD) for wastewater treatment and sewer system maintenance. WWD is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents the collective interests of 26 regional water purveyors receiving water supply from the SFPUC.

The District bills for water service bimonthly such that each bill is for two months of water service. The District bills for sewer service annually on the property tax roll for most customers, with the exception of a small number of multi-family residential customers who are billed for sewer service bimonthly concurrently with their bills for water service.

The District has never conducted a comprehensive cost of service study. Previous rate increases have primarily been designed to cover increases from the SFPUC and NSMCSD. The last water rate increase was a 5.3% increase to the Water Charge only and the last sewer rate increase was a 7.3% increase. Both increases went into effect July 1, 2023.

In 2023, the District engaged Lechowicz & Tseng Municipal Consultants to complete a comprehensive water and wastewater (sewer) rate study to recommend utility rates to ensure the financial health and stability of the District's water and sewer funds. This study recommends water and sewer rates for the five-year period beginning in 2024/25 through 2028/29.

### 1.2 Requirements of Proposition 218

The implementation of utility rates in California is governed by the substantive and procedural requirements of Proposition 218 the "Right to Vote on Taxes Act" which is codified as Articles XIII C and XIII D of the California Constitution. The District must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – The District must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.

2. **Public Hearing** – The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to water and sewer rates and charges, including:

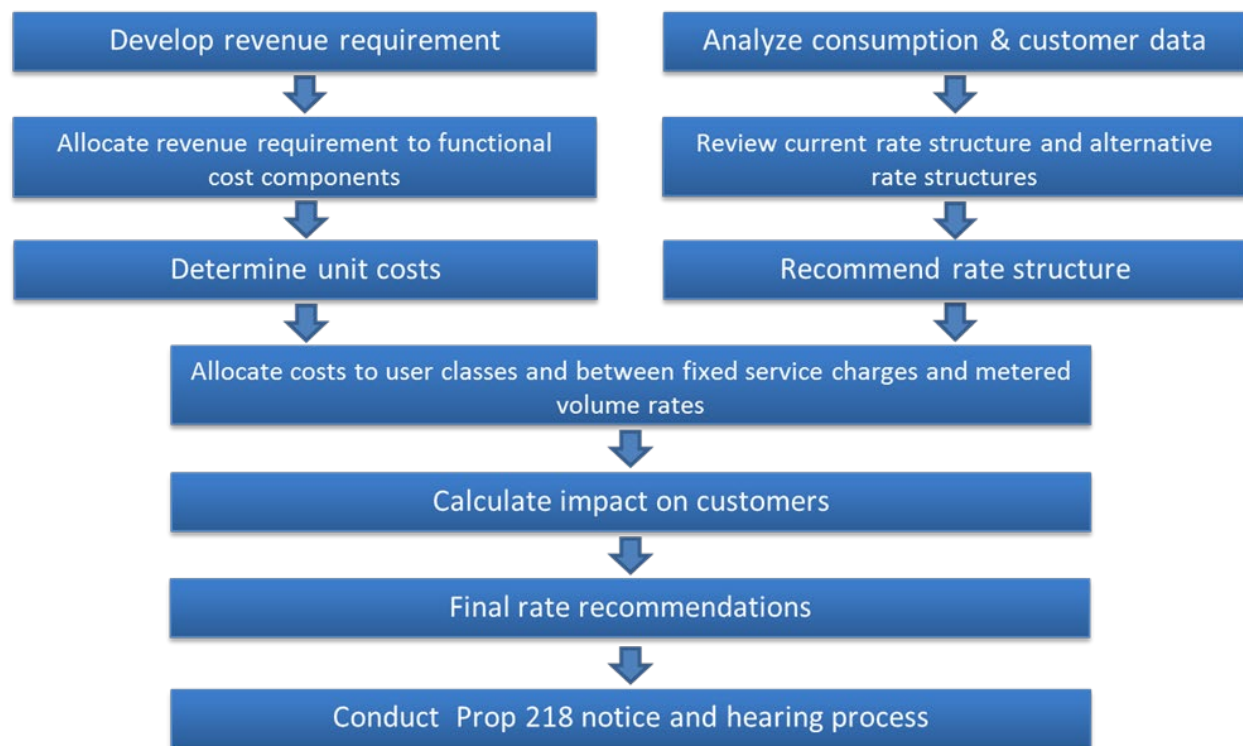
1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water and sewer collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

### 1.3 Rate Study Process

This section details the development of the District's water and sewer rates via the Proposition 218 process as shown in the following figure.

**Figure 1: Comprehensive Cost of Service Study Process**



The following is a brief description of the rate study process:

- **Revenue Requirements** - Revenue requirements are analyzed via financial plans developed from the Water and Sewer Fund budgets. Based on the best information currently available, the financial plans incorporate projected operation and maintenance costs, debt service, and growth to estimate annual revenue requirements. The plans serve as a roadmap for funding the District's future operating expenses while maintaining long-term fiscal stability.
- **Cost of Service Allocation** - The cost of service process builds on the financial plan analysis and assigns water and sewer system costs to functional cost components: *metering and customer service, base, and extra* for water, and *customer service, capital, and treatment/disposal* for sewer.



- **Rate Design** - Rate design involves developing a rate structure that proportionately recovers costs from customers. Final rate recommendations are designed to (a) fund the utilities' short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; and (c) comply with the substantive requirements of Proposition 218.

The rates developed in this report were based on the best information available at the time of the study. This information was taken from District budgets, audits, billing information, water consumption data, and input from staff. The cost allocations proposed herein are based on American Water Works Association methodologies and industry standard practice. The proposed rates are based on the reasonable cost of providing service and are proportional to the benefits received by each customer.

## **SECTION 2: COMBINED FUND RESERVES AND BUDGET**

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The District's budget is divided into three functions: 1) the Water Fund, 2) Sewer Fund, and 3) General & Administrative (G&A). Water expenses include water purchases, field workers' salaries, utilities, and other maintenance costs for the water system. Sewer expenses primarily include treatment costs, utilities, and any other miscellaneous costs related to the sewer system. G&A expenses include costs for office administration, billing, salaries for the General Manager and office staff, and other miscellaneous administrative costs.

The majority of the G&A revenues and expenses have historically been allocated to the Water Fund. To comply with Proposition 218, a key objective of this rate study is to determine each fund's cost of service by allocating the combined reserves and the G&A expenses to each fund.

### **2.1 Combined Budget**

As a whole, the District has remained in good financial standing with positive net income. The District has adopted annual rate increases when needed to cover operating cost inflation and to pay for increases in wholesale water and sewer treatment costs. As shown on Table 1, with the exception of 2020/21, the District's revenues have been fully covering its cost for the past few years.

**Table 1: Total Budget - Net Income (Includes Capital)**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 TY Projected	2023-2024 Budget
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Water Sales (41100)	\$3,062,111	\$2,967,506	\$3,620,708	\$4,035,672	\$4,196,733
Sewer Service Fees (42351)	\$2,977,362	\$2,971,700	\$3,099,878	\$3,278,833	\$3,284,888
Misc. Operations (42345)	<u>\$18,050</u>	<u>\$4,227</u>	<u>\$12,960</u>	<u>\$23,977</u>	<u>\$19,200</u>
Total Operating Revenues	\$6,057,523	\$5,943,433	\$6,733,546	\$7,338,483	\$7,500,821
<b>Non Operating Revenues</b>	\$893,164	\$621,464	\$733,387	\$922,173	\$802,848
<b>TOTAL REVENUES</b>	<b>\$6,950,687</b>	<b>\$6,564,897</b>	<b>\$7,466,933</b>	<b>\$8,260,656</b>	<b>\$8,303,669</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
Water Operating Expenses	\$2,690,649	\$2,548,555	\$2,556,354	\$2,712,875	\$2,892,667
Sewer Operating Expenses	\$2,418,991	\$2,474,171	\$2,622,245	\$2,661,597	\$2,925,026
G & A Expenses	<u>\$1,208,044</u>	<u>\$1,448,546</u>	<u>\$1,037,058</u>	<u>\$1,192,560</u>	<u>\$1,302,458</u>
Total Operating Expenses	\$6,317,684	\$6,471,272	\$6,215,657	\$6,567,032	\$7,120,151
<b>Capital Projects [1]</b>	\$328,899	\$728,883	\$508,066	\$200,000	\$488,000
<b>TOTAL EXPENSES</b>	<b>\$6,646,583</b>	<b>\$7,200,155</b>	<b>\$6,723,723</b>	<b>\$6,767,032</b>	<b>\$7,608,151</b>
<b>NET INCOME</b>	<b>\$304,104</b>	<b>(\$635,258)</b>	<b>\$743,210</b>	<b>\$1,493,624</b>	<b>\$695,518</b>

1 - 2023/24 budget includes \$1.3M in capital projects. Based on actuals as of April 2024, total CIP expenses for 2023/24 are estimated at \$488,000.

## 2.2 Total Reserves

For accounting purposes, the District combines water and sewer finances into one fund. As of July 1, 2023, total reserves are approximately \$3.3 million. The Water Fund's cash position has declined in recent years as a result of multiple years of drought and reduced water sales. The Water Fund's current cash balance is approximately \$206,000 (per the *2022/23 Annual Financial Report*). To help mitigate water rate increases, it is proposed that the Sewer Fund loan the Water Fund \$800,000. This interfund loan will be repaid over 8 years at \$100,000 per year beginning in 2024/25 through 2031/32. Table 2 shows the beginning reserve balances as of July 1, 2023 for both the Water and Sewer Funds.

**Table 2: Total Fund Reserves**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Total Reserves	Water Fund [1]	Sewer Fund
<b>2023/24 Budget</b>		<i>Proposed</i>	<i>Proposed</i>
Current Reserves	\$3,347,102	\$1,000,000	\$2,347,102
<i>Percent of Total</i>	<i>100.0%</i>	<i>29.9%</i>	<i>70.1%</i>

1 - Estimated beginning cash balance is \$206,000 per the 2022/23 Annual Financial Report. Includes \$800,000 loan from the Sewer Fund to be repaid over 8 years.

## **2.3 General & Administrative (G&A) Budget**

Table 3 includes a projection of G&A expenses over the next five years through 2028/29. Salaries and benefits are estimated to increase by 6.0% each year. Utilities are escalated by 10.0% per year. Most other expenses are escalated by 3.0% each year. Overall, based on the escalation factors shown, total G&A expenses are projected to increase by approximately 5.0% each year.

**Table 3: Projected General & Administrative (G&A) Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Budget 2023/24	Escalation Factor	PROJECTED				
			2024/25	2025/26	2026/27	2027/28	2028/29
Salaries (56110) [1]	\$266,684	6.0%	\$283,000	\$300,000	\$318,000	\$337,000	\$357,000
General Manager's Salary	\$265,888	6.0%	\$282,000	\$299,000	\$317,000	\$336,000	\$356,000
Salaries Temp (56112)	\$2,000	6.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Salaries OT (56113)	\$1,500	6.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Employee Benefits (56400) [1]	\$58,452	6.0%	\$62,000	\$66,000	\$70,000	\$74,000	\$78,000
Medical - General Manager	\$30,733	6.0%	\$33,000	\$35,000	\$37,000	\$39,000	\$41,000
Delta Dental - General Manager	\$24,088	6.0%	\$26,000	\$28,000	\$30,000	\$32,000	\$34,000
Vision - General Manager	\$2,736	6.0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Employee Life Insurance - General Manager	\$696	6.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
OPEB - Prefunding (56450) [1]	\$3,126	6.0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
General Manager's Share	\$1,563	6.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
CalPERS (56115) [1]	\$59,625	6.0%	\$63,000	\$67,000	\$71,000	\$75,000	\$80,000
General Manager's Retirement	\$30,771	6.0%	\$33,000	\$35,000	\$37,000	\$39,000	\$41,000
Payroll Taxes (56410) [1]	\$22,318	6.0%	\$24,000	\$25,000	\$27,000	\$29,000	\$31,000
FICA @ 7.65%	\$20,340	6.0%	\$22,000	\$23,000	\$24,000	\$25,000	\$27,000
SUI / \$7,000 cap @ 1.6% x 3 employees	\$112	6.0%	\$100	\$100	\$100	\$100	\$100
Office Supplies & Postage (56210)	\$14,151	3.0%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Memberships (56230)	\$1,620	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
BAWSCA Assessment	\$27,985	9.0%	\$31,000	\$34,000	\$37,000	\$40,000	\$44,000
A.C.W.A.	\$18,524	5.0%	\$19,000	\$20,000	\$21,000	\$22,000	\$23,000
Travel & Education (56250)	\$3,000	3.0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
ACWA Spring and Fall Conferences - Registration	\$3,586	3.0%	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
ACWA Spring and Fall Conferences - Housing	\$7,040	3.0%	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Utilities (56280)	\$1,559	10.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Telephone (56290)	\$4,534	3.0%	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
GASB75 Contra Exp.(Income)(56470)	\$0	3.0%	\$0	\$0	\$0	\$0	\$0
Water Conservation (56500)	\$10,000	3.0%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Bldg. & Grounds Maint (56700)	\$11,687	3.0%	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Porta-Potty - Skyline Tank Site	\$1,993	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Skyline Tank Site Gate Maint.	\$500	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Parking Rental Fees (56750)	\$5,760	3.0%	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Directors Fees (56810)	\$9,600	3.0%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
ACWA Spring	\$500	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
ACWA Fall	\$500	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Region 5 mtg	\$500	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Suburban Tour	\$200	3.0%	\$200	\$200	\$200	\$200	\$200
Engineering Svs. (56830)	\$55,000	3.0%	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
Accounting Svs (56840)	\$7,500	3.0%	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Accountant	\$15,000	3.0%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Auditor	\$15,460	3.0%	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Legal Svs. (56841)	\$20,000	3.0%	\$21,000	\$22,000	\$23,000	\$24,000	\$25,000
Retainer	\$5,400	3.0%	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Billing (56850)	\$24,604	3.0%	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000
Billing Forms and Envelopes	\$9,000	3.0%	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Postage for Bills	\$14,339	3.0%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Stuffing and Mailing Bills (6 x \$630)	\$3,780	3.0%	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Reminder Notices and Envelopes	\$2,200	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Postage for Reminders	\$1,424	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Communications (56860)	\$25,592	3.0%	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000
Water Quality Report	\$1,296	3.0%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water Quality Report Postage	\$1,745	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
General Election (56865)	\$0	3.0%	\$0	\$0	\$0	\$0	\$0
Insurance (56870)	\$78,777	3.0%	\$81,000	\$83,000	\$85,000	\$88,000	\$91,000
Bad Debts (56880)	\$2,000	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Miscellaneous (56890)	\$45,200	3.0%	\$47,000	\$48,000	\$49,000	\$50,000	\$52,000
Property Tax	\$2,370	3.0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
LAFCO Assessment - Water	\$2,900	3.0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Banking and Cr.Card Fees (56875)	\$55,000	3.0%	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
<u>GASB 87 Adjustments (Net)</u>	<u>\$0</u>	3.0%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total G&amp;A Operating Expenses</b>	<b>\$1,302,458</b>		<b>\$1,373,300</b>	<b>\$1,437,300</b>	<b>\$1,504,300</b>	<b>\$1,574,300</b>	<b>\$1,650,300</b>
<b>Annual % Change</b>			<b>5.4%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.8%</b>

## 2.4 Allocation of G&A Revenues & Expenses

The G&A budget has traditionally been allocated solely to the Water Fund. However, a portion of these expenses are for sewer and therefore should be assigned to the Sewer Fund. After a thorough review of the G&A budget with District staff, this study proposes the following allocations beginning in 2024/25:

- In total, approximately 83.0% of total G&A expenses are assigned to the Water Fund and 17.0% are allocated to the Sewer Fund.
- The General Manager's salary and benefits are allocated 66.7% to the Water Fund and 33.3% to the Sewer Fund.
- Unless the expense is 100% allocated to the Water Fund, the split for all other G&A expenses is 70.0% to the Water Fund and 30.0% to the Sewer Fund.
- For G&A revenues, 30% of *Taxes & Assessments (49300)* are allocated to the Sewer Fund and 70.0% to the Water Fund. *Misc. Operations (42345)* and *Rental Income (49910)* are assigned 100.0% to the Water Fund.

Table 4 shows a breakdown of the G&A expenses between the Water Fund and Sewer Fund. A detailed list of each G&A expense is included in the Appendix.

**Table 4: Allocation of General & Administrative (G&A) Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	PROJECTED				
	2024/25	2025/26	2026/27	2027/28	2028/29
<b>TOTAL G&amp;A EXPENSES</b>					
Salaries & Benefits	\$841,100	\$891,100	\$944,100	\$999,100	\$1,058,100
Engineering Svs. (56830)	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
Billing (56850)	\$56,000	\$57,000	\$58,000	\$59,000	\$60,000
Insurance (56870)	\$81,000	\$83,000	\$85,000	\$88,000	\$91,000
Miscellaneous (56890)	\$52,000	\$53,000	\$54,000	\$55,000	\$57,000
Banking and Cr.Card Fees (56875)	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
<u>Other Expenses</u>	<u>\$229,200</u>	<u>\$235,200</u>	<u>\$241,200</u>	<u>\$247,200</u>	<u>\$254,200</u>
<b>Total G&amp;A Operating Expenses</b>	<b>\$1,373,300</b>	<b>\$1,437,300</b>	<b>\$1,504,300</b>	<b>\$1,574,300</b>	<b>\$1,650,300</b>
<i>Annual % Change</i>	5.4%	4.7%	4.7%	4.7%	4.8%
<b>WATER G&amp;A EXPENSES</b>					
Salaries & Benefits	\$715,100	\$757,100	\$802,100	\$849,100	\$900,100
Engineering Svs. (56830)	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000
Billing (56850)	\$47,000	\$48,000	\$49,000	\$50,000	\$51,000
Insurance (56870)	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
Miscellaneous (56890)	\$38,000	\$39,000	\$40,000	\$41,000	\$42,000
Banking and Cr.Card Fees (56875)	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
<u>Other Expenses</u>	<u>\$187,200</u>	<u>\$190,200</u>	<u>\$194,200</u>	<u>\$198,200</u>	<u>\$202,200</u>
<b>Total Water G&amp;A Expenses</b>	<b>\$1,141,300</b>	<b>\$1,193,300</b>	<b>\$1,249,300</b>	<b>\$1,307,300</b>	<b>\$1,369,300</b>
<i>Annual % Change</i>	---	4.6%	4.7%	4.6%	4.7%
<b>SEWER G&amp;A EXPENSES</b>					
Salaries & Benefits	\$123,000	\$131,000	\$139,000	\$148,000	\$157,000
Engineering Svs. (56830)	\$17,000	\$18,000	\$19,000	\$20,000	\$21,000
Billing (56850)	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Insurance (56870)	\$24,000	\$25,000	\$26,000	\$27,000	\$28,000
Miscellaneous (56890)	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Banking and Cr.Card Fees (56875)	\$0	\$0	\$0	\$0	\$0
<u>Other Expenses</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>
<b>Total Sewer G&amp;A Expenses</b>	<b>\$223,000</b>	<b>\$233,000</b>	<b>\$243,000</b>	<b>\$254,000</b>	<b>\$265,000</b>
<i>Annual % Change</i>	---	4.5%	4.3%	4.5%	4.3%



## **SECTION 3:      WATER RATE STUDY**

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Westborough Water District provides water service to approximately 4,000 accounts. On average, the District consumes over 320,000 ccf (hundred cubic feet) of water each year. Based on District billing records, the current average monthly residential water use is 5 ccf per month, or a total of 10 ccf per bimonthly billing period. The average water bill is currently \$134.40 per bimonthly billing period.

### **3.1      Current Water Rates**

Schedules of bimonthly water rates over the past three years are provided in Table 5. The District's current water rate structure includes two components: (a) a Meter Service Charge and (b) a Water Charge. Over the past three years, the Meter Service Charge has remained the same while the Water Charge has been increased annually as shown in Table 5.

#### **3.1.1      Meter Service Charge**

All customers are charged a base service charge based on the size of their water meter. The Meter Service Charge is levied regardless of water consumption and recognizes that even when a customer does not use any water, the District incurs fixed costs associated with maintaining the ability or readiness to serve each connection.

The Meter Service Charges are designed to recover the District's fixed expenses and currently generate about 30% of total water rate revenues. Fixed costs include staffing, customer service, system maintenance, and repairs.

#### **3.1.2      Water Charge**

In addition to the Meter Service Charges, all customers pay a Water Charge per ccf of water consumption per billing period. One ccf is equal to 748 gallons of water. The charges for water usage are based on a uniform rate where the price per unit of water is the same regardless of total water consumption.

The Water Charge is intended to recover costs that vary based on the amount of water consumed and currently generates roughly 70% of total water rate revenues. Variable expenses include water purchases, utilities, and chemicals.

**Table 5: Historic and Current Bimonthly Water Rates**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	2021/22 [1]	2022/23 [2]	2023/24 [3]
<b>METER SERVICE CHARGE</b>			
<u>Meter Size</u>			
5/8"	\$44.00	\$44.00	\$44.00
3/4"	\$58.41	\$58.41	\$58.41
1"	\$76.01	\$76.01	\$76.01
1-1/2"	\$137.61	\$137.61	\$137.61
2"	\$183.81	\$183.81	\$183.81
3"	\$322.41	\$322.41	\$322.41
4"	\$692.01	\$692.01	\$692.01
6"	\$1,033.89	\$1,033.89	\$1,033.89
8"	\$1,526.14	\$1,526.14	\$1,526.14
<b>WATER CHARGE</b>			
All usage per ccf	\$7.28	\$8.58	\$9.04
% Change		17.9%	5.4%

1 - Effective July 1, 2021

2 - Effective July 1, 2022

3 - Effective July 1, 2023

## 3.2 Water System Overview

### 3.2.1 Water System

The District obtains all of its water from the San Francisco Public Utilities Commission (SFPUC) through one service connection to the SFPUC system. Approximately 80% of the SFPUC's water supply is from the Hetch Hetchy Reservoir in Yosemite National Park, with the Alameda and Peninsula Watersheds supplying the remainder. The District owns and operates a water distribution system which includes 3 pressure zones, 2 water pump stations, 3 steel water storage tanks, 5 pressure regulating valves, and 24 miles of water mains.

### 3.2.2 Water Customers

The District provides water service to approximately 4,000 water accounts as shown in Table 6. The majority of customers are single family residential customers, representing about 95% of the customer base. The most common meter size is 5/8".

**Table 6: Number of Water Accounts by Meter Size and Customer Class for May/June 2023**  
**Westborough Water District**  
**Water and Sewer Rate Study**

CUSTOMER CLASS	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"	TOTAL	% of Total
Single Family Residential	3,476	278	1	0	0	0	0	0	0	3,755	94.9%
Multi-Family Residential	0	0	0	6	6	0	1	0	1	14	0.4%
Commercial	9	2	5	6	11	5	0	1	0	39	1.0%
Irrigation	3	0	14	41	34	0	0	0	0	92	2.3%
Fire Protection	<u>29</u>	<u>0</u>	<u>26</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57</u>	<u>1.4%</u>
<b>TOTAL WATER ACCOUNTS</b>	<b>3,517</b>	<b>280</b>	<b>46</b>	<b>55</b>	<b>51</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3,957</b>	100.0%

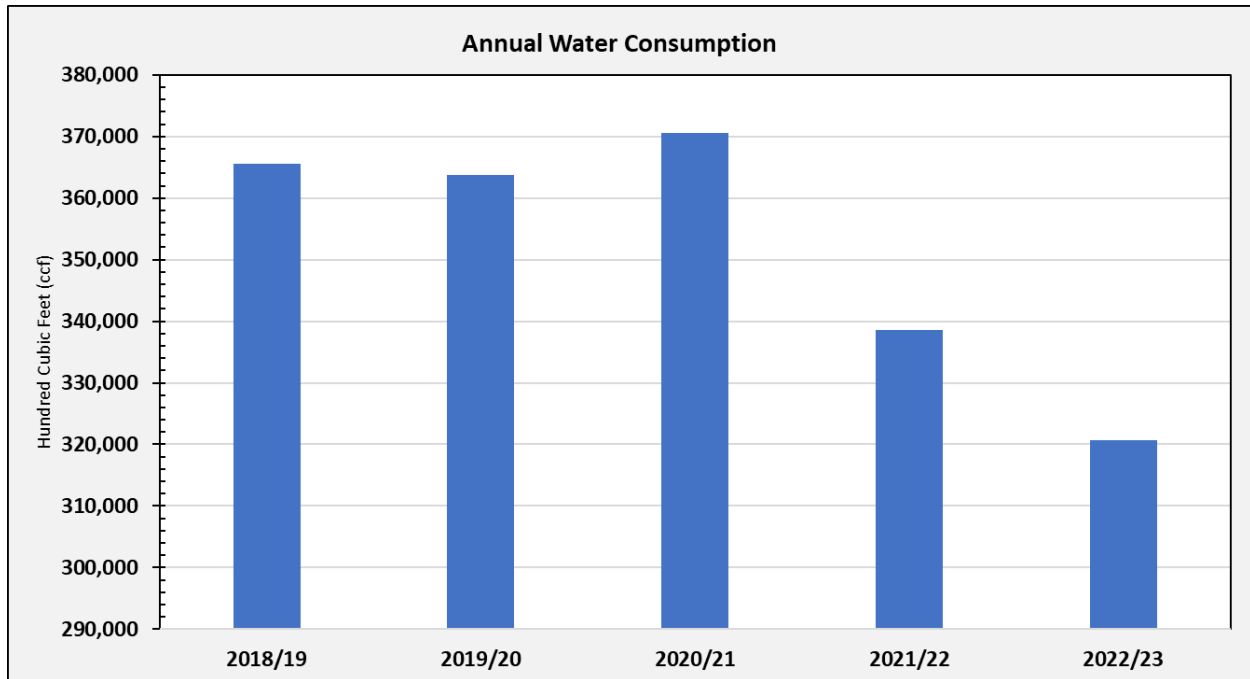
### 3.2.3 Water Consumption

Table 7 summarizes annual water consumption and estimated sewer flow for the past 5 fiscal years. In 2022/23, total consumption decreased by approximately 5.3%. Annual water consumption is summarized graphically in Figure 2.

**Table 7: History of Water Consumption**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

WATER CONSUMPTION			ESTIMATED SEWER FLOW		
Fiscal Year	Consumption (ccf)	% Change	Month	Consumption (ccf)	% Change
2018/19	365,505		Jan/Feb 2019	50,112	
2019/20	363,719	-0.49%	Jan/Feb 2020	50,811	1.39%
2020/21	370,550	1.88%	Jan/Feb 2021	50,226	-1.15%
2021/22	338,638	-8.61%	Jan/Feb 2022	48,278	-3.88%
2022/23	320,721	-5.29%	Jan/Feb 2023	47,001	-2.65%

**Figure 2: Annual Water Consumption**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



### 3.3 Water Financial Plan

#### 3.3.1 History of Water Revenues & Expenses

Table 8 shows a history of water revenues and expenses for the past four fiscal years as well as the projected revenues and expenses for 2023/24. Historically, the District has allocated 100% of non-operating income and the majority of all G&A expenses to the Water Fund. On average over the past two years, operating expenses have increased by over 6% each year. G&A expenses have increased at a higher rate, with a 9.3% increase estimated for 2023/24. Due to reduced water sales, capital project spending has been minimal, resulting in deferred investments in necessary infrastructure improvements.

**Table 8: History of Water Revenues & Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 TY Projected	2023-2024 Budget
<b>WATER REVENUES</b>					
<b>Water Sales (41100)</b>	\$3,062,111	\$2,967,506	\$3,620,708	\$4,035,672	\$4,196,733
<i>Annual % Change</i>		-3.1%	22.0%	11.5%	4.0%
<b>Non-Operating Revenues [1]</b>					
Misc. Operations (42345)	\$18,050	\$4,227	\$12,960	\$23,977	\$19,200
Interest (49210)	\$97,688	(\$873)	(\$24,011)	\$32,219	\$90,107
Taxes & Assessments (49300)	\$531,179	\$556,454	\$624,157	\$681,621	\$676,549
Other Income (49700)	\$345,345	\$70,032	\$113,944	\$184,873	\$0
Rental Income (49910) [2]	\$0	\$0	\$0	\$24,127	\$36,192
Cap Facilities Income (49800)	\$0	\$0	\$5,915	\$0	\$0
<u>Capital Facility Expense (56885)</u>	<u>(\$81,048)</u>	<u>(\$4,149)</u>	<u>(\$7,715)</u>	<u>(\$667)</u>	<u>\$0</u>
Subtotal Non-Operating Revenues	\$911,214	\$625,691	\$725,250	\$946,151	\$822,048
<i>Annual % Change</i>		-31.3%	15.9%	30.5%	-13.1%
<b>Total Water Revenues</b>	<b>\$3,973,325</b>	<b>\$3,593,197</b>	<b>\$4,345,958</b>	<b>\$4,981,823</b>	<b>\$5,018,781</b>
<i>Annual % Change</i>		-9.6%	20.9%	14.6%	0.7%
<b>WATER EXPENSES</b>					
<b>Operating Expenses</b>					
Salaries (51110)	\$331,517	\$375,566	\$371,286	\$409,485	\$440,371
Sal. Temp (51112)	\$0	\$0	\$0	\$0	\$0
Sal. OT (51113)	\$7,214	\$8,737	\$9,534	\$8,092	\$9,000
CalPERS (51115)	\$67,315	\$71,828	\$55,419	\$71,060	\$64,865
Benefits (51400)	\$46,993	\$51,477	\$55,637	\$51,856	\$58,458
Payroll Tax (51410)	\$26,336	\$27,663	\$28,653	\$31,440	\$34,825
OPEB - Prefunding (51450)	\$21,335	\$16,435	\$7,748	\$18,697	\$2,808
GASB75 Contra Exp.(Income)(51470)	(\$27,522)	(\$3,768)	\$0	\$0	\$0
Utilities (51130)	\$130,777	\$126,362	\$143,292	\$156,559	\$162,716
Supplies (51140)	\$11,376	\$14,504	\$11,862	\$13,281	\$15,000
Special Services (51150)	\$59,597	\$55,257	\$49,868	\$86,557	\$91,717
Vehicle Expense (51170)	\$23,451	\$15,503	\$45,387	\$24,773	\$35,000
Maint. Of System (51200)	\$67,962	\$63,357	\$232,843	\$42,784	\$59,905
Water Purchases (51300)	\$1,917,544	\$1,719,047	\$1,536,804	\$1,788,760	\$1,906,743
<u>Tech. Communications (51860)</u>	<u>\$6,754</u>	<u>\$6,589</u>	<u>\$8,020</u>	<u>\$9,529</u>	<u>\$11,260</u>
<b>Total Water Operating Expenses</b>	<b>\$2,690,649</b>	<b>\$2,548,555</b>	<b>\$2,556,354</b>	<b>\$2,712,875</b>	<b>\$2,892,667</b>
<i>Annual % Change</i>		-5.3%	0.3%	6.1%	6.6%
<b>Total G &amp; A Operating Expense [2]</b>	<b>\$1,208,044</b>	<b>\$1,444,397</b>	<b>\$1,029,343</b>	<b>\$1,192,060</b>	<b>\$1,302,458</b>
<i>Annual % Change</i>		19.6%	-28.7%	15.8%	9.3%
<b>Capital Projects [3]</b>	<b>\$227,494</b>	<b>\$726,605</b>	<b>\$491,886</b>	<b>\$0</b>	<b>\$175,000</b>
<i>Annual % Change</i>		219.4%	-32.3%	-100.0%	-
<b>Total Water Expenses</b>	<b>\$4,126,187</b>	<b>\$4,719,557</b>	<b>\$4,077,583</b>	<b>\$3,904,935</b>	<b>\$4,370,125</b>
<i>Annual % Change</i>		14.4%	-13.6%	-4.2%	11.9%
<b>Net Operating Income (Loss)</b>	<b>(\$152,862)</b>	<b>(\$1,126,360)</b>	<b>\$268,375</b>	<b>\$1,076,888</b>	<b>\$648,656</b>

1 - Includes 100% of Non-Operating Income

2 - Includes 100% of G&A Expenses except for expenses allocated to sewer per Annual Financial Reports

3 - 2023/24 budget includes \$1.3M in capital projects. Based on actuals as of April 2024, total CIP expenses for 2023/24 are estimated at \$175,000.

3.3.2 Water Reserves

The District has historically combined the water and sewer finances into one fund. As of July 1, 2023, the total reserve fund balance for the District was approximately \$3.3 million. Based on recommendation from the District’s accountant, the District will begin separating the Water and Sewer Funds beginning in 2024/25. Because the Water Fund has minimal reserves, it is proposed that the Sewer Fund loan the Water Fund \$800,000 to be repaid over 8 years to mitigate rate impacts. The resulting beginning fund balance for the Water Fund is \$1.0 million for the purposes of this study.

**Table 9: Water Fund Reserves**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Water Fund
Beginning Reserves as of July 1, 2023	\$1,000,000

The accumulation and maintenance of reasonable reserves is one factor to consider when determining the cost of service. Adequate fund reserves protect the District when faced with unforeseen financial challenges such as emergency expenses or revenue deficits. Fund reserves allow the District to maintain its financial health and positive credit ratings, especially during emergencies. Moreover, funding can be drawn from reserves to supplement rate revenues lost during drought conditions or other unexpected situations. It is acceptable if reserves dip below the target on a temporary basis, provided the District takes action to attain the target over the longer run.

The recommended reserve fund targets are as follows:

- Operating Reserve: The proposed minimum fund balance target is equal to 25% of annual operating expenses. This is in line with industry standards that recommend an operating reserve target of at least 25% of annual expenses to account for the time (at least 3 months) that it would take an agency to approve new rate increases to comply with Proposition 218.
- Capital Reserve: In addition to the operating reserve target, it is proposed that the District maintain additional reserves equal to 50% of annual depreciation at minimum. Per the District’s accountant, depreciation for the water system is projected at \$275,093. Thus, the capital reserve target for 2024/25 is \$137,547.

- Debt Service Reserve: Beginning in 2025/26, it is proposed that the District maintain the amount of the total debt service payment for one year in reserves in addition to its operating and capital reserves.

### 3.3.3 Water Revenues

The primary source of revenues for the Water Fund is revenues from water rates. Table 10 includes a summary of estimated annual water rate revenues for 2022/23 based on the District's billing data records. The majority of revenues, or about 75%, were collected from single family residential customers.

The District collected approximately \$3.9 million in total water rate revenues in 2022/23. About 30% of revenues were collected from Meter Service Charges. The remaining 70% of revenues were collected from Water Charges billed based on metered water consumption.

**Table 10: Total Estimated Water Sales Revenues**  
**Westborough Water District**  
**Water and Sewer Rate Study**

FY 2022/23 ESTIMATED WATER SALES REVENUES				
Customer Class	Meter Service Charges	Water Charges	Total Water Sales Revenues	% of Total
Single Family Residential	\$1,015,548	\$1,935,871	\$2,951,419	75.1%
Multi-Family Residential	\$24,880	\$304,041	\$328,921	8.4%
Commercial	\$38,318	\$288,391	\$326,709	8.3%
Irrigation	\$78,526	\$223,483	\$302,009	7.7%
<u>Fire Protection</u>	<u>\$21,165</u>	<u>\$0</u>	<u>\$21,165</u>	<u>0.5%</u>
Total	\$1,178,437	\$2,751,786	\$3,930,223	100.0%
<i>% of Total</i>	<i>30.0%</i>	<i>70.0%</i>	<i>100.0%</i>	

### 3.3.4 Water G&A Revenues

In the past, all G&A revenues have been assigned to the Water Fund. Beginning in 2024/25, 70.0% of *Taxes & Assessments (49300)* will be allocated to the Water Fund and 30% to the Sewer Fund. The Water Fund will continue to receive all of the income from *Misc. Operations (42345)* and *Rental Income (49910)*. Revenues are projected to increase by 3.0% each year.

### 3.3.5 Wholesale Water Purchases

Table 11 summarizes wholesale water purchases from the SFPUC since 2019/20. Water purchases are the largest expense for the Water Fund, accounting for approximately 66.0% of total operating expenses.

**Table 11: SFPUC Water Purchases**  
**Westborough Water District**  
**Water and Sewer Rate Study**

	Actual				Projected	
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>SFPUC Rate (\$ per ccf) [1]</b>	\$4.49	\$4.50	\$4.50	\$5.15	\$5.61	\$6.07
% Increase		0.2%	0.0%	14.5%	8.9%	8.2%
<b>Total Water Purchased (ccf) [2]</b>	426,355	382,590	332,197	340,055	350,700	350,700
% Increase		-10.3%	-13.2%	2.4%	3.1%	0.0%
<b>Total Cost for Water Purchases [2]</b>	\$1,877,800	\$1,740,639	\$1,448,500	\$1,730,108	\$1,906,743	\$2,021,000
% Increase		-7.3%	-16.8%	19.4%	10.2%	6.0%
<b>Total Water Operating Expenses</b>	\$2,690,649	\$2,548,555	\$2,556,354	\$2,712,875	\$2,892,667	\$3,067,000
% Increase		-5.3%	0.3%	6.1%	6.6%	6.0%
<b>% of Water Purchases / Total Operating Expenses</b>	69.8%	68.3%	56.7%	63.8%	65.9%	65.9%

1 - Rate includes BAWSCA Bond Surcharge.

2 - Source: *SFPUC Purchases* spreadsheet. Usage for 2023/24 from Budget.

The SFPUC sets its rates annually, and the District has no control over these costs. For 2024/25, the SFPUC's wholesale water rate is increasing to \$5.67 per ccf, representing an 8.8% increase from the previous year. Figure 3 shows SFPUC's historical wholesale water rates since 2013/14. Since 2013/14, SFPUC wholesale rates have increased from \$2.45 per ccf to \$5.67 per ccf, representing a 131.0% increase. The chart shows the actual wholesale water rate as well as the separate BAWSCA bond surcharge.

In 2013, BAWSCA issued Revenue Bonds (Series 2013A and 2013B) to prepay the remaining capital cost recovery payments that the BAWSCA member agencies owed the SFPUC as of June 30, 2013. Beginning

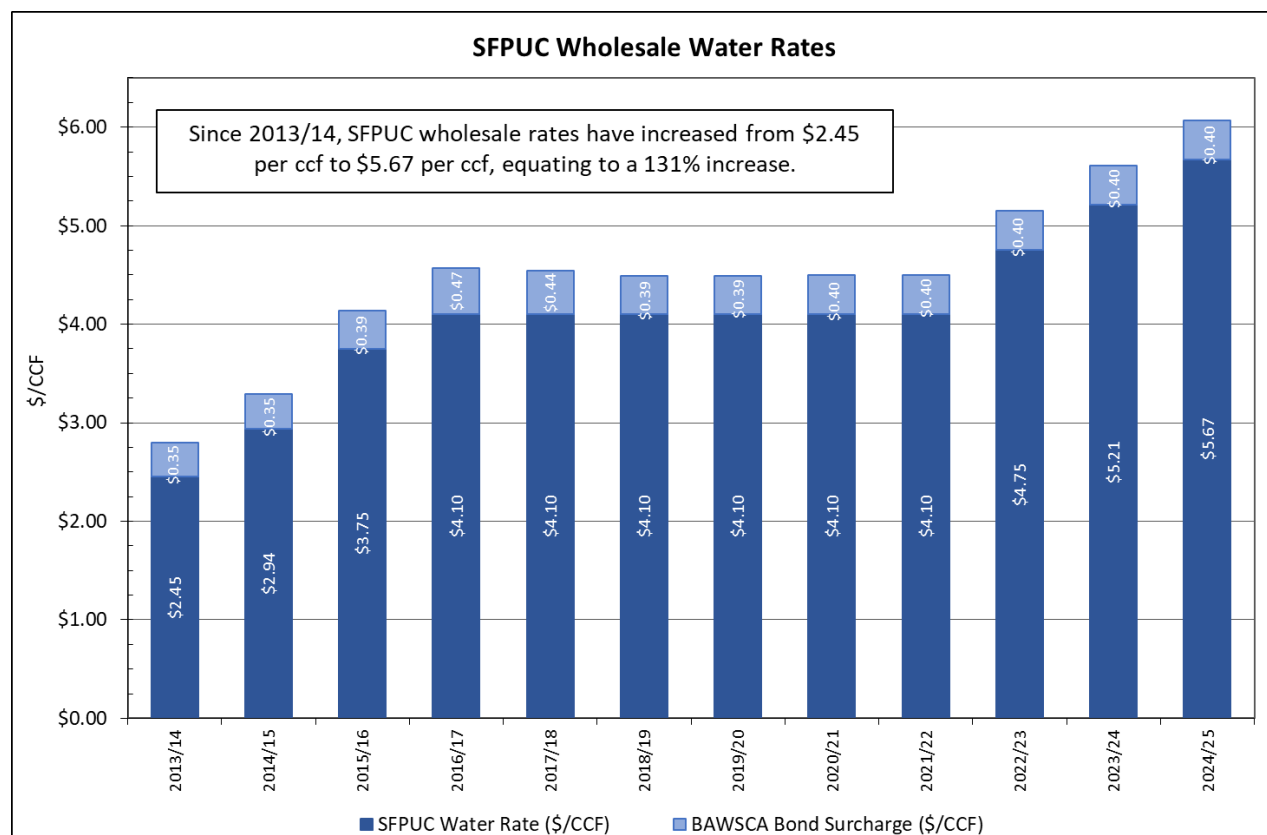


in 2013/14, BAWSCA began collecting a fixed bond surcharge from each member agency as a separate item on their monthly water bills from the SFPUC. The payments are used to make debt service payments on the revenue bonds, reimburse bond administration expenses, and, as necessary, replenish a stabilization fund set up to limit the volatility in annual changes in the payments.

The allocation of the bond surcharge among the BAWSCA member agencies in a given year is based on the prior year's actual water sales to each agency. The following year, a financial reconciliation is performed where each agency's final payments are adjusted based on actual water sales during the prior year. The projected BAWSCA bond surcharge is \$0.40 per ccf.

The SFPUC is nearing its completion of the \$4.8 billion Water System Improvement Project (WSIP) to upgrade the Hetch Hetchy Water System, and the SFPUC is forecasting significant increases to its operating costs. The SFPUC has projected that its wholesale rate will increase 27.0% over the next five years.

**Figure 3: Historical SFPUC Wholesale Water Rates  
Westborough Water District  
Water and Sewer Rate Study 2024**



### 3.3.6 Water Operating Expenses

Table 12 includes a projection of future water operating expenses over the next five years through 2028/29. Escalation factors were determined using input from District staff. The largest expense for the Water Fund is Water Purchases, which are projected to increase by 6.0% each year. Utilities are projected to increase by 10.0% each year. Expenses related to salaries and benefits for the District's employees are projected to increase by 6.0% each year. Remaining expenses for supplies and services are projected to increase by 3.0% each year. Overall, water operating expenses are projected to increase by approximately 6.0% each year.

**Table 12: Projected Water Operating Expenses  
Westborough Water District  
Water and Sewer Rate Study**

	Budget 2023/24	Escalation Factor	PROJECTED				
			2024/25	2025/26	2026/27	2027/28	2028/29
<b>Water Operating Expenses</b>							
Salaries (51110)	\$440,371	6.0%	\$467,000	\$495,000	\$525,000	\$557,000	\$590,000
Sal. Temp (51112)	\$0	6.0%	\$0	\$0	\$0	\$0	\$0
Sal. OT (51113)	\$9,000	6.0%	\$10,000	\$11,000	\$12,000	\$13,000	\$14,000
CalPERS (51115)	\$64,865	6.0%	\$69,000	\$73,000	\$77,000	\$82,000	\$87,000
Benefits (51400)	\$58,458	6.0%	\$62,000	\$66,000	\$70,000	\$74,000	\$78,000
Payroll Tax (51410)	\$34,825	6.0%	\$37,000	\$39,000	\$41,000	\$43,000	\$46,000
OPEB - Prefunding (51450)	\$2,808	6.0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
GASB75 Contra Exp.(Income)(51470)	\$0	6.0%	\$0	\$0	\$0	\$0	\$0
Utilities (51130)	\$162,716	10.0%	\$179,000	\$197,000	\$217,000	\$239,000	\$263,000
Supplies (51140)	\$15,000	3.0%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Special Services (51150)	\$91,717	3.0%	\$94,000	\$97,000	\$100,000	\$103,000	\$106,000
Vehicle Expense (51170)	\$35,000	3.0%	\$36,000	\$37,000	\$38,000	\$39,000	\$40,000
Maint. Of System (51200)	\$59,905	3.0%	\$62,000	\$64,000	\$66,000	\$68,000	\$70,000
Water Purchases (51300)	\$1,906,743	6.0%	\$2,021,000	\$2,142,000	\$2,271,000	\$2,407,000	\$2,551,000
<u>Tech. Communications (51860)</u>	<u>\$11,260</u>	3.0%	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$12,000</u>
<b>Total Water Operating Expenses</b>	<b>\$2,892,667</b>		<b>\$3,067,000</b>	<b>\$3,251,000</b>	<b>\$3,447,000</b>	<b>\$3,655,000</b>	<b>\$3,875,000</b>
<i>Annual % Change</i>			6.0%	6.0%	6.0%	6.0%	6.0%
<b>Percent of Total</b>							
Salaries & Benefits	21.1%		21.1%	21.1%	21.1%	21.1%	21.1%
Utilities (51130)	5.6%		5.8%	6.1%	6.3%	6.5%	6.8%
Water Purchases (51300)	65.9%		65.9%	65.9%	65.9%	65.9%	65.8%
Special Services (51150)	3.2%		3.1%	3.0%	2.9%	2.8%	2.7%
<u>Other Expenses</u>	<u>4.2%</u>		<u>4.1%</u>	<u>3.9%</u>	<u>3.8%</u>	<u>3.7%</u>	<u>3.5%</u>
<b>Total Water Operating Expenses</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As shown on the bottom half of Table 12, water purchases account for 66.0% of total water operating expenditures. Wholesale water expenses are determined by the SFPUC. Therefore, the District has no control over these costs.

### 3.3.7 Water G&A Expenses

Table 33 includes a projection of future G&A expenses assigned to the Water Fund. Beginning in 2024/25, approximately 83.0% of total G&A expenses are allocated to water. On average, G&A expenses are projected to increase nearly 5.0% each year.

**Table 13: SFPUC Water Purchases  
Westborough Water District  
Water and Sewer Rate Study**

	Budget 2023/24	PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Salaries & Benefits	\$674,956	\$715,100	\$757,100	\$802,100	\$849,100	\$900,100
Engineering Svs. (56830)	\$38,500	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000
Billing (56850)	\$46,124	\$47,000	\$48,000	\$49,000	\$50,000	\$51,000
Insurance (56870)	\$55,144	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
Miscellaneous (56890)	\$36,910	\$38,000	\$39,000	\$40,000	\$41,000	\$42,000
Banking and Cr.Card Fees (56875)	\$55,000	\$57,000	\$59,000	\$61,000	\$63,000	\$65,000
<u>Other Expenses</u>	<u>\$182,731</u>	<u>\$187,200</u>	<u>\$190,200</u>	<u>\$194,200</u>	<u>\$198,200</u>	<u>\$202,200</u>
<b>Total Water G&amp;A Expenses</b>	<b>\$1,089,366</b>	<b>\$1,141,300</b>	<b>\$1,193,300</b>	<b>\$1,249,300</b>	<b>\$1,307,300</b>	<b>\$1,369,300</b>
<i>Annual % Change</i>		4.8%	4.6%	4.7%	4.6%	4.7%

### 3.3.8 Water Capital Improvement Plan and Debt Service Assumptions

Over the next five years, the District proposes to spend approximately \$11.0 million on water capital projects to repair failing pipelines and to rehabilitate equipment and other water infrastructure. The water system is over 50 years old and is in need of significant upgrades to avoid leaks, equipment failures, and costly emergency repairs.

Beginning in 2025/26, the District will borrow \$1.25 million—about 50% of the annual CIP—each year for 5 years with a bank loan or line of credit (LOC). The plan is to debt-fund half of the annual water CIP beginning in 2025/26 through 2029/30 with the long-term objective of paying for capital projects on a cash basis after these initial borrowings. Table 14 summarizes the debt assumptions used in this study. It is assumed each borrowing would have a 15-year term with an interest rate of 7.0%, resulting in an annual debt service payment of \$137,000.

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**Table 14: Water Debt Scenarios**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	<b>\$2.5M Annual Water CIP</b>
<b>Total Annual CIP</b> Total Water Annual CIP	\$2,500,000
<b>Debt Funded Portion</b> Water Annual CIP - Debt Funded	<b>50%</b> \$1,250,000
<b>Loan Terms (Estimated)</b> Loan Amount Term (years) Interest Rate	 \$1,250,000 15 7.0%
<b>Annual Loan Payment</b>	\$137,000
<b>Reserve Fund Requirement</b> Equal to Annual Debt Service	\$137,000

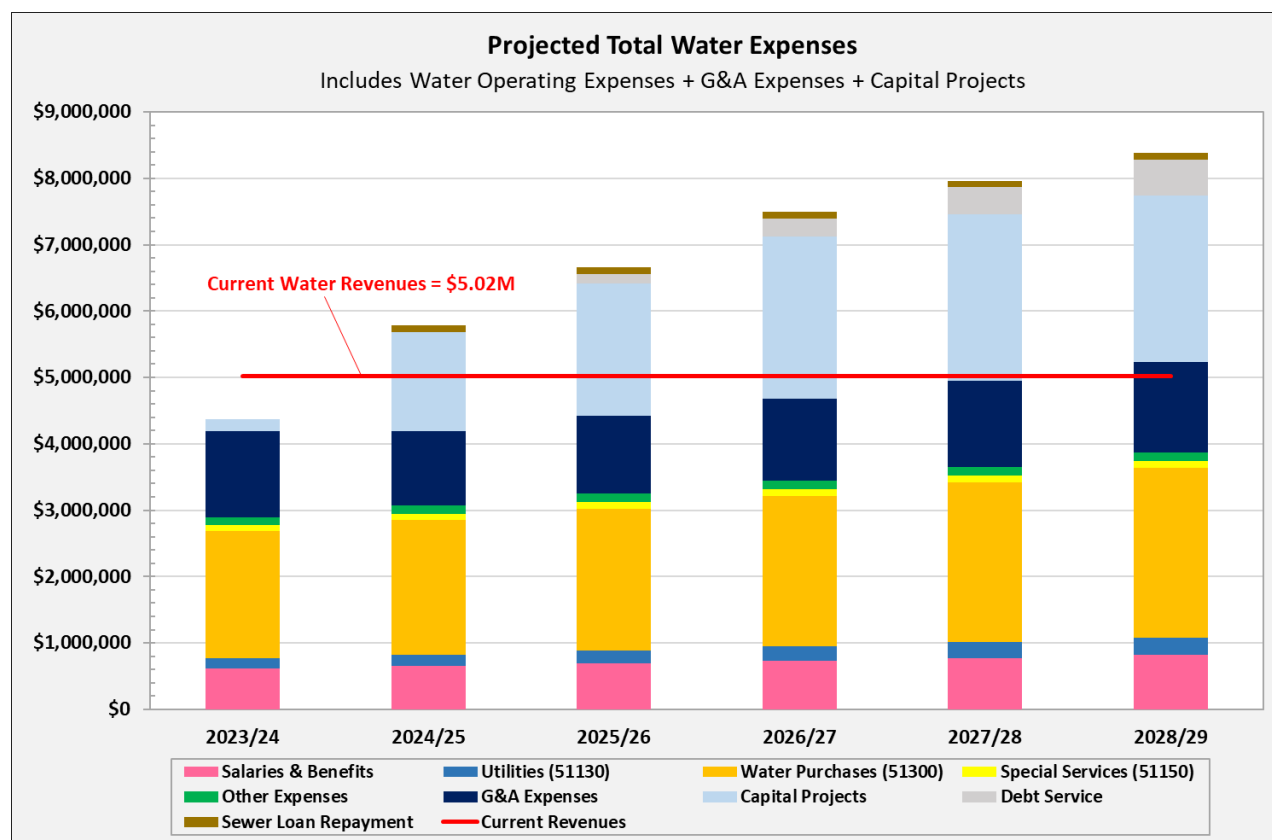
#### **Debt Service Coverage**

A chief covenant for the District to secure State loans/grants or revenue bonds/Certificates of Participation (COPs) is to maintain a specific debt service coverage ratio. A debt service coverage ratio is a financial measure of an agency's ability to repay outstanding debt. The ratio requires that annual water net revenues (gross revenues less operating and maintenance expenses) must be at least 1.25 times the combined annual debt service payments on all parity obligations. Failure to meet the debt service coverage ratio on an annual basis is considered to be technical default. Thus, rates and fees must be set to meet this legal requirement. Moreover, failing to meet debt service coverage may hinder the District's ability to qualify for future debt funding.

### 3.3.9 Total Water Expenses

Figure 4 graphically shows the Water Fund's projected total expenses including operating expenses, G&A expenses, the interfund loan repayment to the Sewer Fund, estimated debt service, and capital projects. As shown in the chart, expenses would exceed revenues beginning in 2024/25 absent a rate increase.

**Figure 4: Projected Total Water Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



### 3.3.10 Water Cash Flow Objectives

The Water Fund cash flow projection for the five-year period beginning in 2024/25 through 2028/29 is provided in Table 15. Over the five years, water rate revenue increases are proposed as needed to meet the following three goals which are indicators of the overall fiscal health of the Water Fund:

1. Meet debt service coverage ratio (1.25x)
  - a. A standard financial measure of an agency's ability to repay outstanding debt

- b. Annual net revenues (gross revenues less operating and maintenance expenses) must be at least 1.25 times the combined annual debt service payments on all parity obligations
2. Total revenues cover expenses (Positive net revenues)
  - a. To ensure that the Water Fund is covering its cost of service (operating and capital expenses)
  - b. To avoid an operating deficit and dipping into reserves
3. Meet proposed Water Fund reserve targets by 2028/29
  - a. Operating: 25% of annual O&M costs
  - b. Capital: 50% of annual depreciation (\$137,547 for 2024/25)
  - c. Debt Service: Total debt service for one year

### **3.3.11 Water Cash Flow Projection**

As shown in Table 15, the recommended rate revenue increases for the Water Fund are 18.0% in 2024/25 followed by 8.0% annual rate increases through 2028/29. The first rate increase will go into effect on July 1, 2024 with subsequent increases July 1 of each year through 2028. These increases are necessary to pay for water operating expenses and to fund water infrastructure improvements. It should be noted that the proposed rate increase percentages shown apply to the District's total water rate revenues and do not necessarily reflect the level of increase for individual customers' bimonthly water bills. Each customer's bill will vary depending on their meter size and water usage.

As of July 1, 2023, beginning Water Fund reserves total \$1,000,000 based on an \$800,000 interfund loan from the Sewer Fund. To repay the interfund loan, the Water Fund will pay the Sewer Fund \$100,000 per year for 8 years through 2031/32. The projections are based on the 2023/24 budget and include the following assumptions:

#### **Revenues**

- Beginning in 2024/25, Taxes & Assessments (49300) revenues are split 70.0% for water and 30.0% for sewer.
- Misc. Operations (42345), Rental Income (49910), and Other Income (49700) are increased by 3.0% each year and are allocated 100% to the Water Fund.
- Interest (49210) is projected at 2.0% per year.
- No Cap Facilities Income (49800) are anticipated over the next 5 years.
- Assumes no growth or any major changes in the customer base
- Water consumption is based on 2022/23 usage and is not anticipated to increase over the next 5 years due to conservation.

#### **Expenses**

- Salaries & Benefits are increased by 6.0% each year.
- Utilities are increased by 10% each year.
- Water Purchases are increased by 6.0% each year based on the projected SFPUC wholesale water rates as of April 2024.
- All other expenses increased by 3.0% each year.
- Beginning in 2024/25, 1/3 (33.3%) of the General Manager's salary and benefits is allocated to the Sewer Fund.
- Beginning in 2024/25, unless the expense is 100% allocated to water, all other G&A Operating Expenses are split 70% to water and 30% to sewer.
- Beginning in 2024/25, the Water Fund will pay the Sewer Fund \$100,000 per year for 8 years through 2031/32 to repay the interfund loan.

**Table 15: Water Cash Flow Projection**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Budget 2023/24	Projected				
		2024/25	2025/26	2026/27	2027/28	2028/29
Revenue Adjustment		18.0%	8.0%	8.0%	8.0%	8.0%
Rate Increase Effective		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
<b>BEGINNING FUND BALANCE</b>	\$1,000,000	\$1,648,656	\$1,370,256	\$1,880,956	\$1,982,156	\$2,098,356
<b>REVENUES</b>						
<b>Operating Revenues [1]</b>						
Water Sales (41100)	4,196,733	4,952,000	5,348,000	5,776,000	6,238,000	6,737,000
Misc. Operations (42345)	19,200	20,000	21,000	22,000	23,000	24,000
Interest (49210)	90,107	33,000	27,000	37,000	39,000	41,000
Taxes & Assessments (49300)	676,549	487,900	503,000	518,000	534,000	550,000
Other Income (49700)	0	0	0	0	0	0
Rental Income (49910)	36,192	37,000	38,000	39,000	40,000	41,000
Cap Facilities Income (49800)	0	0	0	0	0	0
<u>Capital Facility Expense (56885)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Operating Revenues	5,018,781	5,529,900	5,937,000	6,393,000	6,875,000	7,394,000
<b>Debt Proceeds</b>	0	0	1,250,000	1,221,500	1,221,500	1,221,500
<b>Total Revenues</b>	5,018,781	5,529,900	7,187,000	7,614,500	8,096,500	8,615,500
<b>EXPENSES</b>						
<b>Water Operating Expenses</b>						
Salaries & Benefits	610,327	648,000	687,000	728,000	772,000	818,000
Utilities (51130)	162,716	179,000	197,000	217,000	239,000	263,000
Water Purchases (51300)	1,906,743	2,021,000	2,142,000	2,271,000	2,407,000	2,551,000
Special Services (51150)	91,717	94,000	97,000	100,000	103,000	106,000
<u>Other Expenses</u>	<u>121,165</u>	<u>125,000</u>	<u>128,000</u>	<u>131,000</u>	<u>134,000</u>	<u>137,000</u>
Subtotal Water Operating Expenses	2,892,667	3,067,000	3,251,000	3,447,000	3,655,000	3,875,000
<b>General &amp; Administrative (G&amp;A) Expenses [2]</b>						
Salaries & Benefits	790,632	715,100	757,100	802,100	849,100	900,100
Engineering Svs. (56830)	55,000	40,000	41,000	42,000	43,000	44,000
Billing (56850)	55,347	47,000	48,000	49,000	50,000	51,000
Insurance (56870)	78,777	57,000	59,000	61,000	63,000	65,000
Miscellaneous (56890)	50,470	38,000	39,000	40,000	41,000	42,000
Banking and Cr.Card Fees (56875)	55,000	57,000	59,000	61,000	63,000	65,000
<u>Other Expenses</u>	<u>217,232</u>	<u>187,200</u>	<u>190,200</u>	<u>194,200</u>	<u>198,200</u>	<u>202,200</u>
Subtotal G&A Operating Expenses	1,302,458	1,141,300	1,193,300	1,249,300	1,307,300	1,369,300
<b>Total Operating Expenses</b>	4,195,125	4,208,300	4,444,300	4,696,300	4,962,300	5,244,300
<b>Net Operating Revenues</b>	823,656	1,321,600	1,492,700	1,696,700	1,912,700	2,149,700
<b>Non-Operating Expenses</b>						
Water Capital Projects [3]	175,000	1,500,000	1,995,000	2,443,000	2,507,000	2,509,000
<u>Debt Service</u>	<u>0</u>	<u>0</u>	<u>137,000</u>	<u>274,000</u>	<u>411,000</u>	<u>548,000</u>
Subtotal Non-Operating Expenses	175,000	1,500,000	2,132,000	2,717,000	2,918,000	3,057,000
Sewer Fund Loan Repayment	0	100,000	100,000	100,000	100,000	100,000
<b>Total Expenses</b>	4,370,125	5,808,300	6,676,300	7,513,300	7,980,300	8,401,300
<b>NET REVENUES</b>	648,656	(278,400)	510,700	101,200	116,200	214,200
<b>ENDING FUND BALANCE</b>	1,648,656	1,370,256	1,880,956	1,982,156	2,098,356	2,312,556



	Budget 2023/24	Projected				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>RESERVE FUNDS</b>						
Proposed Operating Reserve Target (25% of O&M)	1,048,781	1,052,075	1,111,075	1,174,075	1,240,575	1,311,075
<u>Proposed Capital Reserve Target (50% of Depreciation)</u>	<u>137,547</u>	<u>137,547</u>	<u>137,547</u>	<u>137,547</u>	<u>137,547</u>	<u>137,547</u>
Total Water Reserve Funds	1,231,281	1,189,622	1,248,622	1,311,622	1,378,122	1,448,622
<i>Target Met</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>
<b>DEBT SERVICE COVERAGE</b>						
Debt Service Coverage Target - 1.25x (4)	-	-	10.90	6.19	4.65	3.92
<i>Target Met?</i>	-	-	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>

1 - Interest is estimated at 2% of fund balance. All Other Revenues escalated by 3%. Beginning in 2024/25, Taxes & Assessments (49300) are allocated 70% to water and 30% to sewer.

2 - Beginning in 2024/25, 30% of the General Manager's salary & expenses is allocated to the Sewer Fund. Unless designated 100% to water, most G&A expenses are split 70% to water and 30% to sewer.

3 - 2023/24 budget includes \$1.3M in capital projects. Based on actuals as of April 2024, total CIP expenses for 2023/24 are estimated at \$175,000.

4 - Net Operating Revenues / Debt Service

### 3.4 Water Cost Allocation

The water revenue requirement detailed in the previous section determines the total cost of providing service to be recovered from water rates. The cost of service allocation determines how that revenue requirement will be assigned to fixed and consumption charges to fairly recover costs from customers based on how they use the water system. Proposition 218 requires that agencies providing “property-related services” (including water utility service) set rates and charges that are based on the cost of providing those services and are proportional to how customers use the system.

#### 3.4.1 Overview of Water Cost of Service Methodology

The purpose of the cost allocation is to classify costs and to determine the amount of revenue that will be recovered from fixed rates and from consumption charges. The American Water Works Association (AWWA) recommends methods to classify costs among various customers. Using the Base-Extra Capacity Method as recommended by the AWWA, water operating expenses are allocated to the following categories: (a) *Base*, (b) *Extra*, (c) *Meters and Services*, and (d) *Customer Service*. The *Base* and *Extra* categories are intended to recover variable (consumption) costs, while the *Customer Service* and *Meters and Services* categories are intended to recover fixed expenses that are incurred regardless of water used.

- *Base*: Base costs include the expenses related to providing water under average, “base” demand conditions.
- *Extra*: The extra category includes costs related to providing water above the system average demand (ie. related to peak, “extra” usage).
- *Meters and Services*: These include costs related to maintaining and replacing water meters.
- *Customer Service*: This category contains costs associated with serving customers, such as billing and answering customer inquiries.

#### 3.4.2 Cost Allocation

Table 16 provides the proposed cost allocation for the Water Fund based on input from District staff. The 2024/25 Budget is used as the test year for the cost allocation. Costs are allocated according to how they are incurred by the District. Based on Table 16, 35.0% of costs are proposed to be recovered from the Fixed Charges while the remaining 65.0% will be recovered from the Consumption Charges.

**Table 16: Water Cost Allocation**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Budget 2024/25	FIXED CHARGES		CONSUMPTION CHARGES	Total
		Meters & Services	Customer Service	Base + Extra	
<b>Operating Expenses</b>					
<u>Water Operating Expenses</u>					
Salaries & Benefits	\$648,000	33.3%	33.3%	33.3%	100%
Utilities (51130)	\$179,000	33.3%	33.3%	33.3%	100%
Water Purchases (51300)	\$2,021,000	0.0%	0.0%	100.0%	100%
Special Services (51150)	\$94,000	33.3%	33.3%	33.3%	100%
<u>Other Expenses</u>	<u>\$125,000</u>	<u>33.3%</u>	<u>33.3%</u>	<u>33.3%</u>	<u>100%</u>
Subtotal Water Operating Expenses	\$3,067,000	\$348,667	\$348,667	\$2,369,667	\$3,067,000
Allocation %		11.4%	11.4%	77.3%	100.0%
<u>General &amp; Administrative (G&amp;A) Operating Exp</u>					
Salaries & Benefits	\$715,100	33.3%	33.3%	33.3%	100%
Engineering Svs. (56830)	\$40,000	33.3%	33.3%	33.3%	100%
Billing (56850)	\$47,000	0.0%	100.0%	0.0%	100%
Insurance (56870)	\$57,000	33.3%	33.3%	33.3%	100%
<u>Other Expenses</u>	<u>\$282,200</u>	<u>33.3%</u>	<u>33.3%</u>	<u>33.3%</u>	<u>100%</u>
Subtotal G&A Operating Expenses	\$1,141,300	\$364,767	\$411,767	\$364,767	\$1,141,300
Allocation %		32.0%	36.1%	32.0%	100.0%
<b>Total Operating Expenses</b>	<b>\$4,208,300</b>	<b>\$713,433</b>	<b>\$760,433</b>	<b>\$2,734,433</b>	<b>\$4,208,300</b>
Allocation %		17.0%	18.1%	65.0%	100.0%
<b>Non-Operating Expenses</b>					
Capital Projects [1]	\$2,190,800	17.0%	18.1%	65.0%	100%
<u>Debt Service</u>	<u>\$274,000</u>	<u>17.0%</u>	<u>18.1%</u>	<u>65.0%</u>	<u>100%</u>
Subtotal Non-Operating Expenses	\$2,464,800	\$417,900	\$445,400	\$1,601,600	\$2,464,900
Allocation %		17.0%	18.1%	65.0%	100.0%
<b>TOTAL WATER EXPENSES</b>	<b>\$6,673,100</b>	<b>\$1,131,333</b>	<b>\$1,205,833</b>	<b>\$4,336,033</b>	<b>\$6,673,200</b>
<b>Total Allocation %</b>		<b>17.0%</b>	<b>18.1%</b>	<b>65.0%</b>	<b>100.0%</b>

1 - Average 5-year CIP costs

### 3.5 Water Rate Design Considerations

Following the allocation of costs, the next step is to derive the total cost responsibility for each customer class by developing unit costs of service for each cost function and then assigning those costs to the customer classes based on the respective service requirements of each.

To comply with Proposition 218, the District is updating rates to reflect the current cost of service for each customer. Changes to the cost of service have resulted in the following proposed modifications to the existing rate structure:

- *Fixed vs. Variable Revenue Recovery*: Currently, approximately 30% of water rate revenues are collected from the fixed Meter Service Charge and the remaining 70% are collected from the variable Water Charge. Based on the proposed cost allocation (Table 16), the percentage of rate revenues collected from the fixed Meter Service Charge is proposed to increase to 35% beginning in 2024/25. Revenues collected from the Water Charge are thus proposed to decrease to about 65%.
- *Meter Equivalent Ratios*: Beginning in 2024/25, it is proposed that the District update the underlying meter capacity ratios used to calculate the Meter Service Charge for each meter size. AWWA meter capacity ratios will be used to realign the fixed charges so that each meter size will be charged based on their proportional impact on the system.

#### 3.5.1 Meter Equivalents

As noted above, the Meter Service Charges are proposed to be updated to reflect the maximum capacity of each meter size. The most common method to levy fixed charges is by meter size. AWWA guidelines recommend using meter equivalents to assign demand-related costs to larger meter sizes. The ratio at which the meter charge increases is typically a function of either meter investment (estimated cost) or the meter's safe operating capacity. Larger meters have the ability to place a greater demand on the water system and are therefore charged based on that potential demand. For example, based on the AWWA meter capacity ratios, a customer that has a 6" meter has 50 times the capacity equivalency of a customer with a 5/8" meter. (A 6" meter has a safe operating capacity of 1,000 gallons per minute (gpm) compared to a 5/8" meter which has a safe operating capacity of 20 gpm).

Table 17 shows the proposed meter equivalents (Column G) based on the District's existing number of meters (see Table 6) and the safe operating capacity of each. The current Meter Service Charges and corresponding equivalent meter ratios are shown in columns C through E for comparison.

**Table 17: Current & Proposed Meter Equivalents**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

Meter Size	Total Number of Meters	CURRENT			PROPOSED				Difference (Proposed Rates - Current Fixed Rates)
		Current Meter Ratios	Current Fixed Rates	Total Current Equivalent Meters [1]	Operating Capacity (gpm) [2]	Proposed Meter Ratios [2]	Current Fixed Rates Based on Proposed Meter Ratios [3]	Total Proposed Equivalent Meters [4]	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
5/8"	3,517	<b>1.00</b>	\$44.00	3,517	20	<b>1.00</b>	\$44.00	3,517	\$0.00
3/4"	280	<b>1.33</b>	\$58.41	372	30	<b>1.50</b>	\$66.00	420	\$7.59
1"	46	<b>1.73</b>	\$76.01	79	50	<b>2.50</b>	\$110.00	115	\$33.99
1.5"	55	<b>3.13</b>	\$137.61	172	100	<b>5.00</b>	\$220.00	275	\$82.39
2"	51	<b>4.18</b>	\$183.81	213	160	<b>8.00</b>	\$352.00	408	\$168.19
3"	5	<b>7.33</b>	\$322.41	37	300	<b>15.00</b>	\$660.00	75	\$337.59
4"	1	<b>15.73</b>	\$692.01	16	500	<b>25.00</b>	\$1,100.00	25	\$407.99
6"	1	<b>23.50</b>	\$1,033.89	23	1,000	<b>50.00</b>	\$2,200.00	50	\$1,166.11
8"	<u>1</u>	<b>34.69</b>	\$1,526.14	<u>35</u>	1,600	<b>80.00</b>	\$3,520.00	<u>80</u>	\$1,993.86
Total	3,957			4,464				4,965	

1 - Total Number of Meters (Column B) x Current Meter Ratios (Column C)

2 - Safe Max Operating Capacity for C712-10 Singlejet Type (gpm) based on American Water Works Association (AWWA) M1 Manual

3 - Current Fixed Rates (Column E) x Proposed Meter Ratios (Column G)

4 - Total Number of Meters (Column B) Proposed Meter Ratios (Column G)

## 3.6 Water Rate Design

### 3.6.1 Annual Revenue Requirement Allocation

Table 18 shows the annual revenue requirement for the rate study period based on the cost allocation percentages from Table 16 and the total water rate revenue requirements for each year from the cash flow projection (Table 15). The fixed charge revenue requirement is based on the *Meters and Services* and *Customer Service* categories from the cost allocation. The consumption charge revenue requirement is based on the *Base + Extra* categories.

**Table 18: Annual Revenue Requirement Allocation**  
Westborough Water District  
Water and Sewer Rate Study 2024

	Cost Allocation %	PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>Total Revenue Requirement [1]</b>		\$4,952,000	\$5,348,000	\$5,776,000	\$6,238,000	\$6,737,000
<b>FIXED CHARGES</b>						
Meters & Services	17.0%	\$839,364	\$906,486	\$979,032	\$1,057,341	\$1,141,922
<u>Customer Service Charge</u>	<u>18.1%</u>	<u>\$894,826</u>	<u>\$966,384</u>	<u>\$1,043,723</u>	<u>\$1,127,207</u>	<u>\$1,217,376</u>
Total Fixed Charges	35.0%	\$1,734,190	\$1,872,870	\$2,022,755	\$2,184,548	\$2,359,297
<b>CONSUMPTION CHARGES</b>						
<u>Base + Extra</u>	<u>65.0%</u>	<u>\$3,217,810</u>	<u>\$3,475,130</u>	<u>\$3,753,245</u>	<u>\$4,053,452</u>	<u>\$4,377,703</u>
Total Consumption Charges	65.0%	\$3,217,810	\$3,475,130	\$3,753,245	\$4,053,452	\$4,377,703
<b>TOTAL</b>	100.0%	\$4,952,000	\$5,348,000	\$5,776,000	\$6,238,000	\$6,737,000

1 - From Cash Flow (Table 15, line 9)

### 3.6.2 Water Fixed Charge Derivation

The rate derivation for the Fixed Charges is shown on Table 19. The total revenue requirement for *Meters & Services* is divided by the *Total Number of Meter Equivalents* from Table 17. *Customer Service* costs are divided amongst the *Total Number of Meters* because they do not vary based on meter size. These two categories are then combined into a single bimonthly Meter Service Charge that increases based on meter size.

For 2024/25, the proposed meter equivalent charge of \$28.18 is multiplied by the corresponding meter equivalent ratio to calculate a charge for each meter size. The customer service charge of \$37.69 is added to the meter equivalent charge to derive a total charge. The proposed total bimonthly Meter Service Charge for a 5/8" meter is \$65.87 for 2024/25.

**Table 19: Water Fixed Charge Derivation  
Westborough Water District  
Water and Sewer Rate Study 2024**

		PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
REVENUE REQUIREMENT						
Meters & Services		\$839,364	\$906,486	\$979,032	\$1,057,341	\$1,141,922
Customer Service Charge		\$894,826	\$966,384	\$1,043,723	\$1,127,207	\$1,217,376
Total Fixed Charge Revenue Requirement		\$1,734,190	\$1,872,870	\$2,022,755	\$2,184,548	\$2,359,297
METER EQUIVALENT CHARGE						
Total Meters & Service Revenue Requirement		\$839,364	\$906,486	\$979,032	\$1,057,341	\$1,141,922
Total Number of Meter Equivalents		4,965	4,965	4,965	4,965	4,965
Total Meter Equivalent Charge		\$28.18	\$30.43	\$32.86	\$35.49	\$38.33
Meter Equivalent Charge by Meter Size						
Meter Size	Meter Ratio					
5/8"	1.00	\$28.18	\$30.43	\$32.86	\$35.49	\$38.33
3/4"	1.50	\$42.27	\$45.65	\$49.29	\$53.24	\$57.50
1"	2.50	\$70.45	\$76.08	\$82.15	\$88.73	\$95.83
1-1/2"	5.00	\$140.90	\$152.15	\$164.30	\$177.45	\$191.65
2"	8.00	\$225.44	\$243.44	\$262.88	\$283.92	\$306.64
3"	15.00	\$422.70	\$456.45	\$492.90	\$532.35	\$574.95
4"	25.00	\$704.50	\$760.75	\$821.50	\$887.25	\$958.25
6"	50.00	\$1,409.00	\$1,521.50	\$1,643.00	\$1,774.50	\$1,916.50
8"	80.00	\$2,254.40	\$2,434.40	\$2,628.80	\$2,839.20	\$3,066.40
CUSTOMER SERVICE CHARGE						
Total Customer Service Charge Rev Requirement		\$894,826	\$966,384	\$1,043,723	\$1,127,207	\$1,217,376
Total Number of Meters		3,957	3,957	3,957	3,957	3,957
Total Customer Service Charge per Account		\$37.69	\$40.70	\$43.96	\$47.48	\$51.28
TOTAL BIMONTHLY METER SERVICE CHARGE [1]						
Meter Size	Current Rates					
5/8"	\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
3/4"	\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
1"	\$76.01	\$108.14	\$116.78	\$126.11	\$136.21	\$147.11
1-1/2"	\$137.61	\$178.59	\$192.85	\$208.26	\$224.93	\$242.93
2"	\$183.81	\$263.13	\$284.14	\$306.84	\$331.40	\$357.92
3"	\$322.41	\$460.39	\$497.15	\$536.86	\$579.83	\$626.23
4"	\$692.01	\$742.19	\$801.45	\$865.46	\$934.73	\$1,009.53
6"	\$1,033.89	\$1,446.69	\$1,562.20	\$1,686.96	\$1,821.98	\$1,967.78
8"	\$1,526.14	\$2,292.09	\$2,475.10	\$2,672.76	\$2,886.68	\$3,117.68

1 - Total Bimonthly Meter Service Charge is the sum of the "Meter Equivalent Charge" by meter size plus the "Total Customer Service Charge per Account"

### 3.6.3 Consumption Charge Derivation

Consumption charges are calculated based on the *Base + Extra* revenue requirements for each year derived in Table 18 divided by projected total water consumption. The projected total water consumption is based on 2022/23 usage (see Table 7) and is projected to remain the same over the next five years to be conservative. Similar to the current rate structure, the proposed Water Charge is based on a single uniform rate for all customers where all usage is billed the same rate for each unit of water consumed. One unit is equal to 1 ccf which equates to about 748 gallons. For 2024/25, the proposed Water Charge is \$10.02 per ccf.

**Table 20: Water Charge Derivation**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	PROJECTED				
	2024/25	2025/26	2026/27	2027/28	2028/29
<b>REVENUE REQUIREMENT</b> Base + Extra Revenue Requirement	\$3,217,810	\$3,475,130	\$3,753,245	\$4,053,452	\$4,377,703
<b>WATER CHARGE DERIVATION</b> Total Revenue Requirement	\$3,217,810	\$3,475,130	\$3,753,245	\$4,053,452	\$4,377,703
<u>Projected Consumption (ccf) [1]</u>	<u>321,000</u>	<u>321,000</u>	<u>321,000</u>	<u>321,000</u>	<u>321,000</u>
<b>Water Charge per ccf</b>	<b>\$10.02</b>	<b>\$10.83</b>	<b>\$11.69</b>	<b>\$12.63</b>	<b>\$13.64</b>

1 - Based on 2022/23 total consumption



### 3.6.4 Proposed 5-Year Schedule of Rates

Table 21 summarizes the proposed bimonthly water rates. All customers including residential, commercial, and irrigation customers are proposed to be charged according to the proposed rate schedule shown. The first rate change is proposed to take effect on July 1, 2024, with subsequent rate increases each July 1 through 2028.

**Table 21: Proposed Bimonthly Water Rates**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Current	PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Effective Date		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
<b>METER SERVICE CHARGE</b>						
<u>Meter Size</u>						
5/8"	\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
3/4"	\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
1"	\$76.01	\$108.14	\$116.78	\$126.11	\$136.21	\$147.11
1-1/2"	\$137.61	\$178.59	\$192.85	\$208.26	\$224.93	\$242.93
2"	\$183.81	\$263.13	\$284.14	\$306.84	\$331.40	\$357.92
3"	\$322.41	\$460.39	\$497.15	\$536.86	\$579.83	\$626.23
4"	\$692.01	\$742.19	\$801.45	\$865.46	\$934.73	\$1,009.53
6"	\$1,033.89	\$1,446.69	\$1,562.20	\$1,686.96	\$1,821.98	\$1,967.78
8"	\$1,526.14	\$2,292.09	\$2,475.10	\$2,672.76	\$2,886.68	\$3,117.68
<b>WATER CHARGE (\$/CCF)</b>						
All consumption per ccf	\$9.04	\$10.02	\$10.83	\$11.69	\$12.63	\$13.64

*\*1 ccf = one hundred cubic feet or approximately 748 gallons.*

### 3.6.5 Water Bill Impacts

For 2024/25, the proposed 18.0% revenue adjustment in the cash flow does not directly correlate to an 18.0% increase in rates due to the cost of service reallocation. As required by Proposition 218, the study assigns costs to customers in proportion to the benefit they receive from the water system which has resulted in modifications to the Meter Service Charge. As a result, the bill impacts to customers for the first year will vary based on meter size and actual consumption. Moreover, water consumption, particularly for single family customers, typically varies due to seasonal variations in weather and/or other factors. Hence, a single customer could face a range of impacts throughout the year. Table 22 includes a sample of bill impacts for customers with 5/8" or 3/4" meters at different levels of water use.

The majority of the District's customers are single family residential customers with a 5/8" meter and averaging 10 ccf of water use per bimonthly billing cycle. Based on the proposed water rates, the average customer will see a \$31.67 bimonthly increase in 2024/25, see Table 22.

**Table 22: Sample Bimonthly Water Bill Impacts**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

**5/8" METER SAMPLE BILLS**

	Bimonthly Use (ccf)	Current	PROPOSED				
			2024/25	2025/26	2026/27	2027/28	2028/29
<b>5/8" Meter, 6 ccf</b>							
Meter Service Charge		\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
<u>Water Charge</u>	6	<u>\$54.24</u>	<u>\$60.12</u>	<u>\$64.98</u>	<u>\$70.14</u>	<u>\$75.78</u>	<u>\$81.84</u>
Total Bimonthly Water Bill		\$98.24	\$125.99	\$136.11	\$146.96	\$158.75	\$171.45
\$ Change			\$27.75	\$10.12	\$10.85	\$11.79	\$12.70
% Change			28.2%	8.0%	8.0%	8.0%	8.0%
<b>5/8" Meter, 10 ccf</b>							
Meter Service Charge		\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
<u>Water Charge</u>	10	<u>\$90.40</u>	<u>\$100.20</u>	<u>\$108.30</u>	<u>\$116.90</u>	<u>\$126.30</u>	<u>\$136.40</u>
Total Bimonthly Water Bill		\$134.40	\$166.07	\$179.43	\$193.72	\$209.27	\$226.01
\$ Change			\$31.67	\$13.36	\$14.29	\$15.55	\$16.74
% Change			23.6%	8.0%	8.0%	8.0%	8.0%
<b>5/8" Meter, 20 ccf</b>							
Meter Service Charge		\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
<u>Water Charge</u>	20	<u>\$180.80</u>	<u>\$200.40</u>	<u>\$216.60</u>	<u>\$233.80</u>	<u>\$252.60</u>	<u>\$272.80</u>
Total Bimonthly Water Bill		\$224.80	\$266.27	\$287.73	\$310.62	\$335.57	\$362.41
\$ Change			\$41.47	\$21.46	\$22.89	\$24.95	\$26.84
% Change			18.4%	8.1%	8.0%	8.0%	8.0%

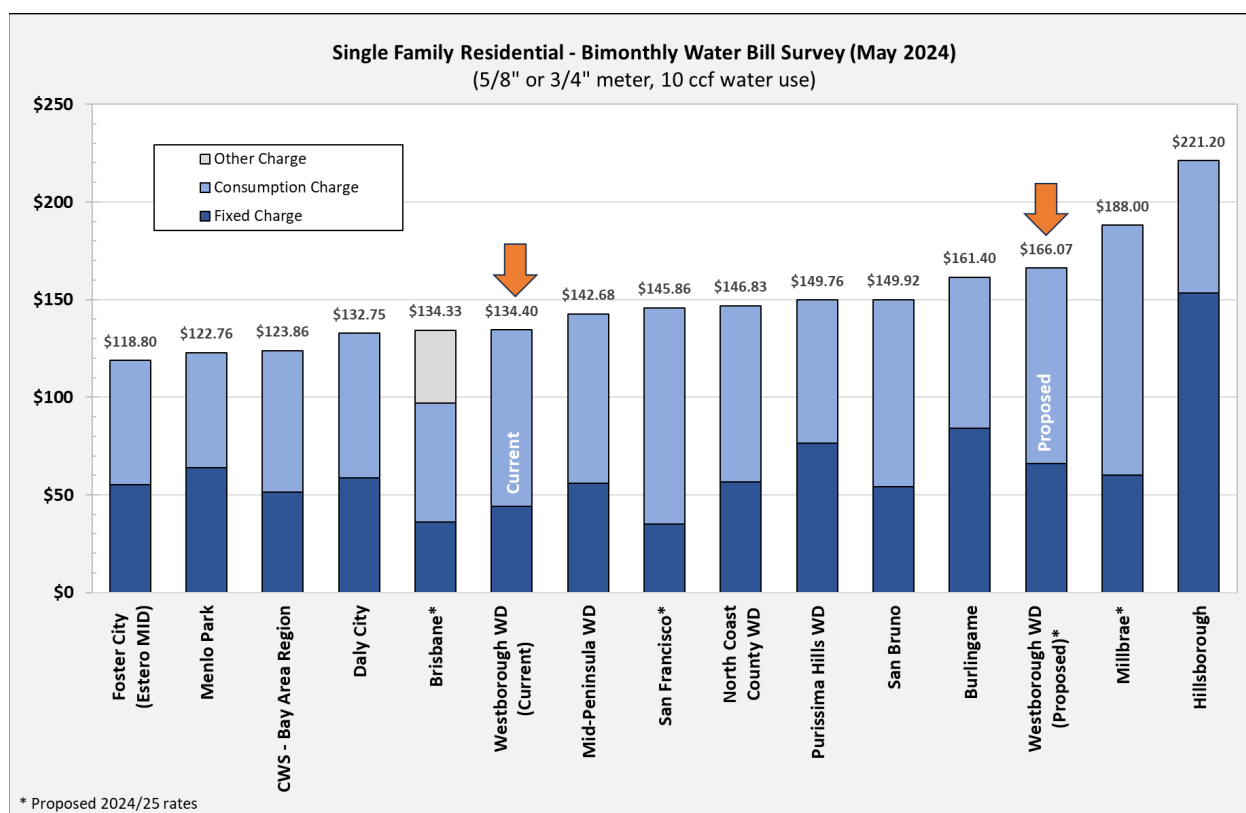
**3/4" METER SAMPLE BILLS**

	Bimonthly Use (ccf)	Current	PROPOSED				
			2024/25	2025/26	2026/27	2027/28	2028/29
<b>3/4" Meter, 8 ccf</b>							
Meter Service Charge		\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
<u>Water Charge</u>	8	<u>\$72.32</u>	<u>\$80.16</u>	<u>\$86.64</u>	<u>\$93.52</u>	<u>\$101.04</u>	<u>\$109.12</u>
Total Bimonthly Water Bill		\$130.73	\$160.12	\$172.99	\$186.77	\$201.76	\$217.90
\$ Change			\$29.39	\$12.87	\$13.78	\$14.99	\$16.14
% Change			22.5%	8.0%	8.0%	8.0%	8.0%
<b>3/4" Meter, 14 ccf</b>							
Meter Service Charge		\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
<u>Water Charge</u>	14	<u>\$126.56</u>	<u>\$140.28</u>	<u>\$151.62</u>	<u>\$163.66</u>	<u>\$176.82</u>	<u>\$190.96</u>
Total Bimonthly Water Bill		\$184.97	\$220.24	\$237.97	\$256.91	\$277.54	\$299.74
\$ Change			\$35.27	\$17.73	\$18.94	\$20.63	\$22.20
% Change			19.1%	8.1%	8.0%	8.0%	8.0%
<b>3/4" Meter, 26 ccf</b>							
Meter Service Charge		\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
<u>Water Charge</u>	26	<u>\$235.04</u>	<u>\$260.52</u>	<u>\$281.58</u>	<u>\$303.94</u>	<u>\$328.38</u>	<u>\$354.64</u>
Total Bimonthly Water Bill		\$293.45	\$340.48	\$367.93	\$397.19	\$429.10	\$463.42
\$ Change			\$47.03	\$27.45	\$29.26	\$31.91	\$34.32
% Change			16.0%	8.1%	8.0%	8.0%	8.0%

### 3.6.6 Regional Water Bill Survey

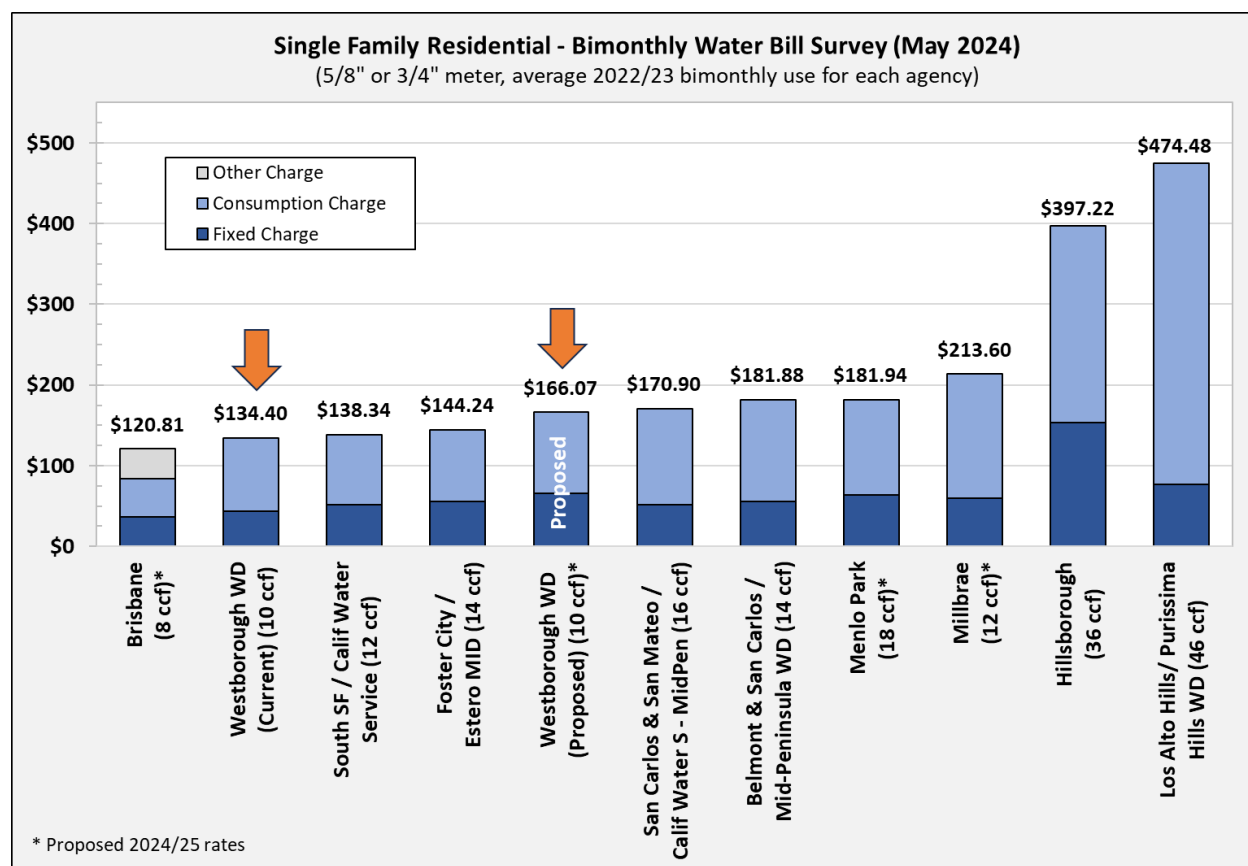
The bar graph in Figure 5 below compares the District's current typical bimonthly residential water bill based on a 5/8" meter using 10 ccf over a 2-month period with the proposed 2024/25 bill. The District's bill is compared with those of other local agencies. For some other agencies, the smallest meter size is 3/4". The figure shows the smallest meter size available for each agency.

**Figure 5: Single Family Residential Bimonthly Water Bill Survey (10 ccf water use)**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



The average bimonthly water usage for WWD customers is low compared to the average usage for other agencies within the San Francisco Regional Water System (RWS). Figure 6 compares the District's current and proposed bimonthly water bills for the average customer with a 5/8" meter using 10 ccf of water per billing period to the bills for the average customer of other local agencies who obtain all of their water from the San Francisco RWS. The average use for each agency is based on 2022/23 water usage data from BAWSCA.

**Figure 6: Single Family Residential Bimonthly Water Bill Survey**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



### 3.7 Drought Rates

Drought rates are temporary additional water charges that would only be implemented during a drought or water shortage emergency. The purpose of drought surcharges is to remain financially sustainable in the event of a future drought or water shortage emergency that results in reductions in customer water usage and associated revenue losses. During times of water shortages, a water utility has two core objectives: 1) to reduce the amount of water customers consume, and 2) to maintain an adequate amount of revenue to continue operations. The two competing objectives work against each other because as less water is sold, it becomes more difficult to maintain adequate revenue to cover an agency's costs.

Drought rates are designed to cover costs at decreased levels of consumption. Under drought conditions, the Meter Service Charge is proposed to remain the same, but the Water Charge would increase according to the cutback levels outlined in the District's existing *Water Shortage Contingency Plan*. The District recognizes that ratepayers are already doing their part to conserve. Therefore, applying the drought surcharge to only the Water Charge component gives customers the increased ability to control a portion of their water bills.

It should be noted that under drought conditions, certain expenses will decrease relative to the decrease in water use such as electricity and water purchases. However, other costs to operate the water system such as staffing remain the same. The reduction in cost during drought conditions is reflected in the drought cost allocation provided below in Table 23. Because the drought surcharges are proposed to be applied to the Water Charge only, the cost allocation below only includes *Base + Extra* expenses which are estimated at various levels of water cutback. The District's remaining expenses are recovered from the Meter Service Charge.

**Table 23: Drought Cost Allocation - Base & Extra Expenses Only**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Normal Water Year	WATER CUT BACK SCENARIO				
		10%	20%	30%	40%	50%
<b>Operating Expenses</b>						
<u>Water Operating Expenses</u>						
Salaries & Benefits	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000
Utilities (51130)	\$59,667	\$53,700	\$47,733	\$41,767	\$35,800	\$29,833
Water Purchases (51300)	\$2,021,000	\$1,818,900	\$1,616,800	\$1,414,700	\$1,212,600	\$1,010,500
Special Services (51150)	\$31,333	\$31,333	\$31,333	\$31,333	\$31,333	\$31,333
<u>Other Expenses</u>	<u>\$41,667</u>	<u>\$41,667</u>	<u>\$41,667</u>	<u>\$41,667</u>	<u>\$41,667</u>	<u>\$41,667</u>
Subtotal Water Operating Expenses	\$2,369,667	\$2,161,600	\$1,953,533	\$1,745,467	\$1,537,400	\$1,329,333
 <u>General &amp; Administrative (G&amp;A) Operating Exp</u>						
Salaries & Benefits	\$238,367	\$238,367	\$238,367	\$238,367	\$238,367	\$238,367
Engineering Svs. (56830)	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333
Billing (56850)	\$0	\$0	\$0	\$0	\$0	\$0
Insurance (56870)	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000
<u>Other Expenses</u>	<u>\$94,067</u>	<u>\$94,067</u>	<u>\$94,067</u>	<u>\$94,067</u>	<u>\$94,067</u>	<u>\$94,067</u>
Subtotal G&A Operating Expenses	\$364,767	\$364,767	\$364,767	\$364,767	\$364,767	\$364,767
 <b>Total Operating Expenses</b>	 \$2,734,433	 \$2,526,367	 \$2,318,300	 \$2,110,233	 \$1,902,167	 \$1,694,100
 <b>Non-Operating Expenses</b>						
Capital Projects [1]	\$1,423,519	\$1,423,519	\$1,423,519	\$1,423,519	\$1,423,519	\$1,423,519
<u>Debt Service [2]</u>	<u>\$178,037</u>	<u>\$178,037</u>	<u>\$178,037</u>	<u>\$178,037</u>	<u>\$178,037</u>	<u>\$178,037</u>
Subtotal Non-Operating Expenses	\$1,601,557	\$1,601,557	\$1,601,557	\$1,601,557	\$1,601,557	\$1,601,557
 <b>TOTAL BASE + EXTRA WATER EXPENSES</b>	 \$4,335,990	 \$4,127,923	 \$3,919,857	 \$3,711,790	 \$3,503,723	 \$3,295,657
<b>Reduction in Cost Relative to Normal Year</b>		<b>-4.8%</b>	<b>-9.6%</b>	<b>-14.4%</b>	<b>-19.2%</b>	<b>-24.0%</b>

1 - Average 5-year CIP costs

2 - Estimated

Table 24 shows the drought rate derivation for varying levels of reduction in overall consumption. To calculate the total drought rate under each cutback scenario, the *Base + Extra* revenue requirement is reduced by the estimated reduction in cost relative to a normal water year (Table 23) and divided by projected total water consumption which has been reduced by the cutback percentage.

**Table 24: Water Charge Derivation -- Drought Rates**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	PROJECTED				
	2024/25	2025/26	2026/27	2027/28	2028/29
<b>WATER CHARGE DERIVATION - 10% Cutback</b>					
Revenue Requirement	\$3,063,400	\$3,308,373	\$3,573,142	\$3,858,944	\$4,167,634
<u>Projected Consumption (ccf)</u>	<u>288,900</u>	<u>288,900</u>	<u>288,900</u>	<u>288,900</u>	<u>288,900</u>
<b>Water Charge per ccf</b>	<b>\$10.60</b>	<b>\$11.45</b>	<b>\$12.37</b>	<b>\$13.36</b>	<b>\$14.43</b>
<b>WATER CHARGE DERIVATION - 20% Cutback</b>					
Revenue Requirement	\$2,908,990	\$3,141,615	\$3,393,039	\$3,664,435	\$3,957,566
<u>Projected Consumption (ccf)</u>	<u>256,800</u>	<u>256,800</u>	<u>256,800</u>	<u>256,800</u>	<u>256,800</u>
<b>Water Charge per ccf</b>	<b>\$11.33</b>	<b>\$12.23</b>	<b>\$13.21</b>	<b>\$14.27</b>	<b>\$15.41</b>
<b>WATER CHARGE DERIVATION - 30% Cutback</b>					
Revenue Requirement	\$2,754,581	\$2,974,858	\$3,212,936	\$3,469,926	\$3,747,498
<u>Projected Consumption (ccf)</u>	<u>224,700</u>	<u>224,700</u>	<u>224,700</u>	<u>224,700</u>	<u>224,700</u>
<b>Water Charge per ccf</b>	<b>\$12.26</b>	<b>\$13.24</b>	<b>\$14.30</b>	<b>\$15.44</b>	<b>\$16.68</b>
<b>WATER CHARGE DERIVATION - 40% Cutback</b>					
Revenue Requirement	\$2,600,171	\$2,808,100	\$3,032,833	\$3,275,417	\$3,537,429
<u>Projected Consumption (ccf)</u>	<u>192,600</u>	<u>192,600</u>	<u>192,600</u>	<u>192,600</u>	<u>192,600</u>
<b>Water Charge per ccf</b>	<b>\$13.50</b>	<b>\$14.58</b>	<b>\$15.75</b>	<b>\$17.01</b>	<b>\$18.37</b>
<b>WATER CHARGE DERIVATION - 50% Cutback</b>					
Revenue Requirement	\$2,445,761	\$2,641,343	\$2,852,729	\$3,080,908	\$3,327,361
<u>Projected Consumption (ccf)</u>	<u>160,500</u>	<u>160,500</u>	<u>160,500</u>	<u>160,500</u>	<u>160,500</u>
<b>Water Charge per ccf</b>	<b>\$15.24</b>	<b>\$16.46</b>	<b>\$17.77</b>	<b>\$19.20</b>	<b>\$20.73</b>

Table 25 details the proposed drought surcharges for the various stages of the District's *Water Shortage Contingency Plan*. The proposed drought surcharge is equal to the drought rate calculated in Table 24 less the proposed Water Charge for a normal water year shown in Table 21. Similar to the regular Water Charge, the drought surcharge is a uniform rate that would be charged for each ccf of water usage.

The drought surcharges shown represent the maximum rates for each stage. The actual drought surcharge will be calculated based on the actual water conservation target that must be met. The proposed drought surcharges would be charged on a temporary basis and would be phased out when the District determined that water supply conditions had returned to normal and drought-related costs and revenue reductions had been recovered.

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**Table 25: Proposed Drought Surcharges**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

		PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b><i>Water Shortage Contingency Plan - Required Water Cutback Percentage</i></b>						
Stage 1: Up to 10%	All Usage	\$0.58	\$0.62	\$0.68	\$0.73	\$0.79
Stage 2: Up to 20%	All Usage	\$1.31	\$1.40	\$1.52	\$1.64	\$1.77
Stage 3: Up to 30%	All Usage	\$2.24	\$2.41	\$2.61	\$2.81	\$3.04
Stage 4: Up to 40%	All Usage	\$3.48	\$3.75	\$4.06	\$4.38	\$4.73
Stage 5: Up to 50%	All Usage	\$5.22	\$5.63	\$6.08	\$6.57	\$7.09



## **SECTION 4: SEWER RATE STUDY**

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The District provides sewer service to approximately 3,800 residents and commercial accounts. The District operates a sewer collection system consisting of 20 miles of sewer mains and 3 sewer pumping stations that delivers the sewage to the North San Mateo County Sanitation District (NSMCSD) for treatment. The last sewer rate increase was in 2023/24. Based on District billing records, the current average monthly residential sewer flow is 5 ccf per month, or a total of 10 ccf per bimonthly billing period. The average sewer bill is currently \$118.60 per bimonthly billing period.

### **4.1 Current Sewer Rates**

A history of the District's bimonthly wastewater rates is provided in Table 26. All customers are charged the same rate per ccf based on their estimated sewer flow. Because sewage is not metered, sewer flow is approximated using winter consumption for the two-months of January and February when the least amount of landscape irrigation occurs. Water used for landscape irrigation does not enter the sewer system.

To calculate one's annual bill, total water consumption during January and February is multiplied by six months. The minimum charge is 12 ccf annually. The sewer service charges are billed annually through the County's property tax bill. There are 18 multi-family accounts that are billed bimonthly. The last rate adjustment in 2022/23 was 7.3% to cover increased costs from the NSMCSD.

**Table 26: History of Sewer Rates  
Westborough Water District  
Water and Sewer Rate Study 2024**

<b>Fiscal Year</b>	<b>Total Sewer Rate per ccf*</b>	<b>% Annual Increase</b>
2007/08	\$5.03	
2008/09	\$5.27	4.8%
2009/10	\$5.73	8.7%
2010/11	\$5.73	0.0%
2011/12	\$5.73	0.0%
2012/13	\$5.73	0.0%
2013/14	\$6.17	7.7%
2014/15	\$6.87	11.3%
2015/16	\$7.52	9.5%
2016/27	\$8.02	6.6%
2017/18	\$8.87	10.6%
2018/19	\$9.87	11.3%
2019/20	\$9.87	0.0%
2020/21	\$9.87	0.0%
2021/22	\$10.30	4.4%
2022/23	\$11.05	7.3%
2023/24	\$11.86	7.3%

\*Based on January and February water consumption  
Minimum Charge is for 12 units (ccf). 2023/24 minimum charge is \$142.32

## **4.2 Wastewater System Overview**

### **4.2.1 Wastewater System**

The District contracts with the City of Daly City (North San Mateo County Sanitation District) for general maintenance, emergency response, collection and treatment. The North San Mateo County Sanitation District (NSMCSD) is a subsidiary agency of the City of Daly City that collects and treats wastewater for Daly City and Westborough Water District. The District does not physically perform any of the maintenance, repairs or treatment of the sanitary sewer system as those responsibilities are conducted by agreement through the NSMCSD.

The District has three sewer lift stations which pump sewage from the District to the NSMCSD's treatment plant. The Avalon Sewer Lift Station has two pumps and both the Westborough and Rowntree Lift Stations have three pumps at each station. The District has about 18.8 miles of gravity sanitary sewer mains and a three-quarter mile of sewer force main. Total sanitary sewer flow averages

approximately 884,722 gallons per day during wet weather compared to 782,716 gallons during dry weather.

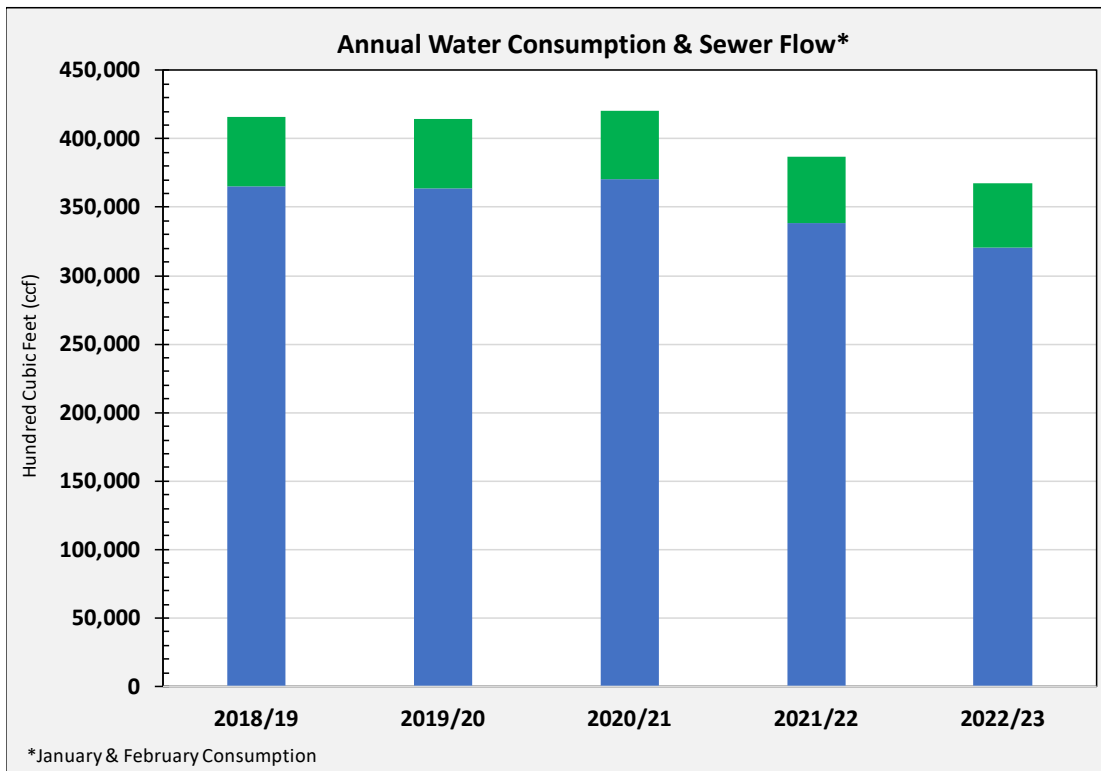
#### 4.2.2 Sewer Customers and Flow

The District currently has 3,813 sewer customers including 18 multi-family accounts that are billed bimonthly. Table 27 includes a history of total consumption and sewer flow for the months of January and February. For 2022/23, total sewer flow was roughly 47,000 ccf, representing nearly 15.0% of total consumption. Due to conservation efforts over the past few years, flow is anticipated to remain level over the five-year rate study period.

**Table 27: Annual Sewer Flow  
Westborough Water District  
Water and Sewer Rate Study 2024**

Fiscal Year	Total Consumption	Sewer Flow [1] (Jan & Feb Usage)	% of Total Consumption
2018/19	365,505	50,112	13.7%
2019/20	363,719	50,811	14.0%
2020/21	370,550	50,226	13.6%
2021/22	338,638	48,278	14.3%
2022/23	320,721	47,001	14.7%

1 - January and February Consumption



## **4.3 Wastewater Financial Plan**

### **4.3.1 History of Sewer Revenues & Expenses**

Table 8 shows a history of sewer revenues and expenses for the past four fiscal years as well as the projected revenues and expenses for 2023/24. Historically, the District has not allocated any G&A revenues to the Sewer Fund while only a minimal amount of G&A expenses has been assigned to the Sewer Fund.

**Table 28: History of Sewer Revenues & Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 TY Projected	2023-2024 Budget
<b>SEWER REVENUES</b>					
<b>Sewer Service Fees (42351)</b>	\$2,977,362	\$2,971,700	\$3,099,878	\$3,278,833	\$3,284,888
<i>Annual % Change</i>		-0.2%	4.3%	5.8%	0.2%
<b>Non-Operating Revenues [1]</b>					
Misc. Operations (42345)	\$0	\$0	\$0	\$0	\$0
Interest (49210)	\$0	\$0	\$0	\$0	\$0
Taxes & Assessments (49300)	\$0	\$0	\$0	\$0	\$0
Other Income (49700)	\$0	\$0	\$0	\$0	\$0
Rental Income (49910)	\$0	\$0	\$0	\$0	\$0
Cap Facilities Income (49800)	\$0	\$0	\$0	\$0	\$0
<u>Capital Facility Expense (56885)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Subtotal Non-Operating Revenues</b>	\$0	\$0	\$0	\$0	\$0
<i>Annual % Change</i>		-	-	-	-
<b>Total Sewer Revenues</b>	<b>\$2,977,362</b>	<b>\$2,971,700</b>	<b>\$3,099,878</b>	<b>\$3,278,833</b>	<b>\$3,284,888</b>
<i>Annual % Change</i>		-0.2%	4.3%	5.8%	0.2%
<b>SEWER EXPENSES</b>					
<b>Operating Expenses</b>					
Treatment & Disposal (57310)	\$2,306,435	\$2,372,264	\$2,442,977	\$2,466,087	\$2,715,565
Utilities (57320)	\$98,129	\$89,760	\$99,978	\$117,980	\$137,600
Repair of Pipelines (57340)	\$0	\$0	\$0	\$0	\$5,000
Repair of Pumps (57350)	\$14,427	\$12,147	\$52,740	\$21,751	\$20,000
<u>Misc. Sewer Expenses (57390)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,550</u>	<u>\$55,780</u>	<u>\$46,861</u>
<b>Total Sewer Operating Expense</b>	<b>\$2,418,991</b>	<b>\$2,474,171</b>	<b>\$2,622,245</b>	<b>\$2,661,597</b>	<b>\$2,925,026</b>
<i>Annual % Change</i>		2.3%	6.0%	1.5%	9.9%
<b>Total G &amp; A Operating Expenses [1]</b>	<b>\$0</b>	<b>\$4,149</b>	<b>\$7,715</b>	<b>\$500</b>	<b>\$0</b>
<i>Annual % Change</i>		-	85.9%	-93.5%	-100.0%
<b>Capital Projects [2]</b>	<b>\$101,405</b>	<b>\$2,278</b>	<b>\$16,180</b>	<b>\$200,000</b>	<b>\$313,000</b>
<i>Annual % Change</i>		-97.8%	610.3%	1136.1%	56.5%
<b>Total Sewer Operating Expenses</b>	<b>\$2,520,396</b>	<b>\$2,480,598</b>	<b>\$2,646,140</b>	<b>\$2,862,097</b>	<b>\$3,238,026</b>
<i>Annual % Change</i>		-1.6%	6.7%	8.2%	13.1%
<b>Net Operating Income (Loss)</b>	<b>\$456,966</b>	<b>\$491,102</b>	<b>\$453,738</b>	<b>\$416,736</b>	<b>\$46,862</b>

1 - Annual Financial Report For the Fiscal Years Ended June 30, 2023 (draft), 2022 and 2021

2 - Per January 26, 2024 email

### 4.3.2 Sewer Reserves

The District has historically combined the water and sewer finances into one fund. As of July 1, 2023, the total reserve fund balance for the District was approximately \$3.3 million. Based on recommendation from the District's accountant, the District will begin separating the Water and Sewer Funds beginning in 2024/25. Because the Water Fund has minimal reserves, it is proposed that the Sewer Fund loan the Water Fund \$800,000 to be repaid over 8 years to mitigate rate impacts. The resulting beginning fund balance for the Sewer Fund is about \$2.3 million for the purposes of this study.

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**Table 29: Sewer Fund Reserves  
Westborough Water District  
Water and Sewer Rate Study 2024**

	Sewer Fund
Beginning Reserves as of July 1, 2023	\$2,347,102

Adequate fund reserves protect the District when faced with unforeseen financial challenges such as emergency expenses or revenue deficits. Fund reserves allow the District to maintain its financial health and positive credit ratings, especially during emergencies. Moreover, funding can be drawn from reserves to supplement rate revenues lost during drought conditions or other unexpected situations. It is acceptable if reserves dip below the target on a temporary basis, provided the District takes action to attain the target over the longer run.

The recommended reserve fund targets are as follows:

- Operating Reserve: The proposed minimum fund balance target is equal to 25% of annual operating expenses. This is in line with industry standards that recommend an operating reserve target of at least 25% of annual expenses to account for the time (at least 3 months) that it would take an agency to approve new rate increases and to comply with Proposition 218.
- Capital Reserve: In addition to the operating reserve target, it is proposed that the District maintain additional reserves equal to 50% of annual depreciation at minimum. Per the District's accountant, depreciation for the sewer system is projected at \$66,169. Thus, the capital reserve target for 2024/25 is \$33,090.

### 4.3.3 Sewer Revenues

The Sewer Fund's primary source of revenues are *Sewer Service Fees* and *Interest*. Table 30 includes a summary of estimated sewer charge revenues for 2022/23 based on the District's billing data records. The District collected approximately \$3.1 million in total sewer rate revenues in 2022/23. The majority of revenues, or about 92%, are collected from the property tax roll. Total budgeted Sewer Service Charge revenues for 2023/24 are \$3.2 million.

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**Table 30: Total Estimated Sewer Charge Revenues**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

FY 2022/23 ESTIMATED SEWER CHARGE REVENUES				
Customer Class	Sewer Charge (\$/ccf)	Jan/Feb Consumption (ccf)	Sewer Charge Revenue (\$)	% of Total
Property Tax Roll	\$11.05	43,359	\$2,874,679	92.3%
<u>Multi-Family Billed Bimonthly</u>	\$11.05	<u>3,642</u>	<u>\$241,487</u>	<u>7.7%</u>
Total		47,001	\$3,116,166	100.0%

### 4.3.4 Sewer G&A Revenues

In the past, all G&A revenues have been assigned to the Water Fund. Beginning in 2024/25, 30.0% of *Taxes & Assessments (49300)* will be allocated to the Sewer Fund and 70.0% to the Water Fund. Revenues are projected to increase by 3.0% each year.

### 4.3.5 Sewer Treatment Costs

Table 31 shows a history of sewer treatment costs which are the largest expense for the Sewer Fund. For the past 2 years, NSMCSD has increased its rate by 9.0%. The City of Daly City is currently in the process of conducting a sewer rate study and has informed the District that the rate for treatment will not increase for 2024/25. For future rate increases, the City of Daly City anticipates 10.0% annual adjustments beginning on July 1, 2025 through July 1, 2029. For this study, treatment costs are estimated to increase by 3.0% for 2024/25 and by 10.0% each year thereafter through 2028/29.

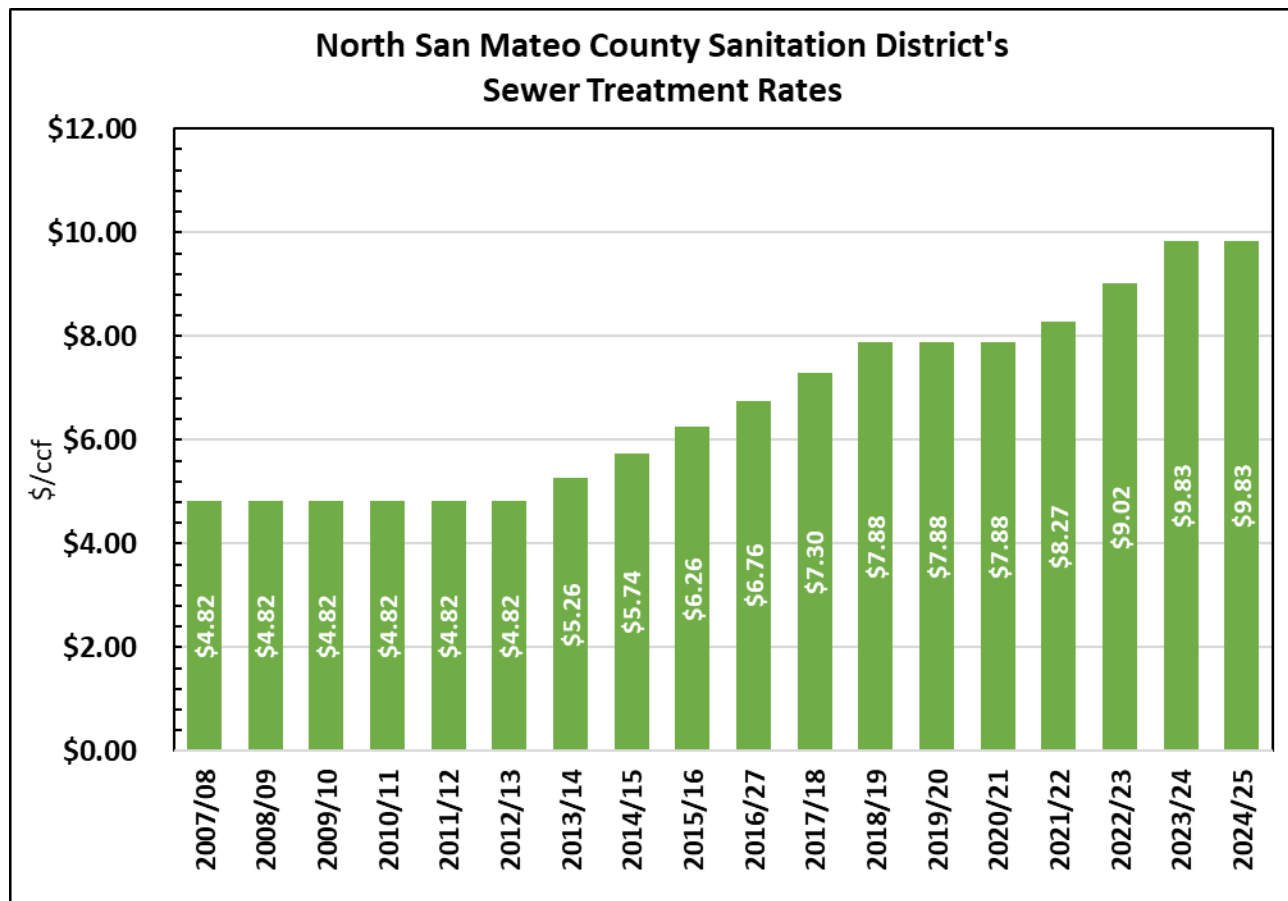
**Table 31: Sewer Treatment Costs**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Actual				Projected
	2019/20	2020/21	2021/22	2022/23	2023/24
Est. Annual Sewer Flow (ccf) <i>Annual % Increase</i>	292,695	301,049 2.9%	295,402 -1.9%	273,402 -7.4%	276,253 1.0%
NSMCSD Sewer Rate <i>Annual % Increase</i>	\$7.88	\$7.88 0.0%	\$8.27 4.9%	\$9.02 9.1%	\$9.83 9.0%
Total Treatment Costs <i>Annual % Increase</i>	\$2,306,435	\$2,372,264 2.9%	\$2,442,977 3.0%	\$2,466,087 0.9%	\$2,715,565 10.1%

Figure 7 shows a history of treatment processing rates set by the NSMCSD. Since 2007/08, the cost for treatment has more than doubled from \$4.82 per ccf to \$9.83 per ccf for 2024/25.



**Figure 7: History of NSMCSD Treatment Processing Rates  
Westborough Water District  
Water and Sewer Rate Study 2024**



#### 4.3.6 Sewer Operating Expenses

Table 32 includes a projection of future sewer operating expenses over the next five years through 2028/29. For 2024/25, sewer treatment is estimated to increase by 3.0%. For 2025/26 through 2028/29, sewer treatment is projected to increase by 10.0% each year. Utilities are estimated to increase by 10.0% for the next five years. All other expenses are projected to increase by 3.0% annually. Overall, based on the escalation factors shown, total sewer operating expenses are projected to increase by approximately 3.0% in 2024/25 and then 10.0% each year thereafter.

As shown on the bottom half of Table 32, treatment expenses account for 93.0% of total sewer operating expenditures. The cost for sewer treatment is determined by the NSMCSD, and therefore, the District has no control over these costs.

**Table 32: Projected Sewer Operating Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Budget 2023/24	Escalation Factor	PROJECTED				
			2024/25	2025/26	2026/27	2027/28	2028/29
<b>Sewer Operating Expenses</b>							
Treatment & Disposal (57310) [1]	\$2,715,565	10.0%	\$2,797,032	\$3,077,000	\$3,385,000	\$3,724,000	\$4,096,000
Utilities (57320)	\$137,600	10.0%	\$151,000	\$166,000	\$183,000	\$201,000	\$221,000
Repair of Pipelines (57340)	\$5,000	3.0%	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Repair of Pumps (57350)	\$20,000	3.0%	\$21,000	\$22,000	\$23,000	\$24,000	\$25,000
Misc. Sewer Expenses (57390)	\$46,861	3.0%	\$48,000	\$49,000	\$50,000	\$52,000	\$54,000
<b>Total Sewer Operating Expense</b>	<b>\$2,925,026</b>		<b>\$3,022,032</b>	<b>\$3,319,000</b>	<b>\$3,646,000</b>	<b>\$4,006,000</b>	<b>\$4,401,000</b>
<i>Annual % Change</i>			3.3%	9.8%	9.9%	9.9%	9.9%
<b>Percent of Total</b>							
Treatment & Disposal (57310)	92.8%		92.6%	92.7%	92.8%	93.0%	93.1%
Utilities (57320)	4.7%		5.0%	5.0%	5.0%	5.0%	5.0%
Repair of Pipelines (57340)	0.2%		0.2%	0.2%	0.1%	0.1%	0.1%
Repair of Pumps (57350)	0.7%		0.7%	0.7%	0.6%	0.6%	0.6%
Misc. Sewer Expenses (57390)	<u>1.6%</u>		<u>1.6%</u>	<u>1.5%</u>	<u>1.4%</u>	<u>1.3%</u>	<u>1.2%</u>
<b>Total Sewer Operating Expense</b>	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%

1 - For 2024/25, the escalation rate is 3%. For future years, escalation rate is 10%.

#### 4.3.7 Sewer G&A Expenses

Table 33 includes a projection of future G&A expenses assigned to the Sewer Fund. Beginning in 2024/25, approximately 17.0% of total G&A expenses are allocated to sewer. On average, G&A expenses are projected to increase nearly 5.0% each year.

**Table 33: G&A Expenses Allocated to Sewer  
Westborough Water District  
Water and Sewer Rate Study 2024**

	Budget 2023/24	PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>Sewer G&amp;A Expenses</b>						
Salaries & Benefits	\$0	\$123,000	\$131,000	\$139,000	\$148,000	\$157,000
Engineering Svs. (56830)	\$0	\$17,000	\$18,000	\$19,000	\$20,000	\$21,000
Billing (56850)	\$0	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Insurance (56870)	\$0	\$24,000	\$25,000	\$26,000	\$27,000	\$28,000
Miscellaneous (56890)	\$0	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Banking and Cr.Card Fees (56875)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Other Expenses</u>	<u>\$0</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>
<b>Total Sewer G&amp;A Expenses</b>	<b>\$0</b>	<b>\$223,000</b>	<b>\$233,000</b>	<b>\$243,000</b>	<b>\$254,000</b>	<b>\$265,000</b>
<i>Annual % Change</i>		-	4.5%	4.3%	4.5%	4.3%

#### 4.3.8 Sewer Capital Improvement Plan & Debt Assumptions

Beginning in 2024/25, the District will spend \$1 million each year on capital projects to repair and upgrade the aging sewer system. To fund these projects, the District will borrow 50% (\$500,000) of the annual CIP beginning in 2025/26 with a bank loan or line of credit (LOC). The plan is to debt-fund half or 50% of the annual sewer CIP for 5 years beginning in 2025/26 through 2029/30. Total anticipated debt funding is \$2.5 million through 2029/30. After 5 years, the goal is to cash fund capital projects each year. Table 34 summarizes the debt assumptions. Based on a loan amount of \$500,000 at an interest rate of 7.0% with a 15-year payback term, annual debt service is \$55,000.

**Table 34: Sewer Debt Estimates**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	<b>\$1M Annual Sewer CIP</b>
<b>Total Annual CIP</b> Total Sewer Annual CIP	\$1,000,000
<b>Debt Funded Portion</b> Sewer Annual CIP - Debt Funded	<b>50%</b> \$500,000
<b>Loan Terms (Estimated)</b> Loan Amount Term (years) Interest Rate	\$500,000 15 7.0%
<b>Annual Loan Payment</b>	\$55,000
<b>Reserve Fund Requirement</b> Equal to Annual Debt Service	\$55,000

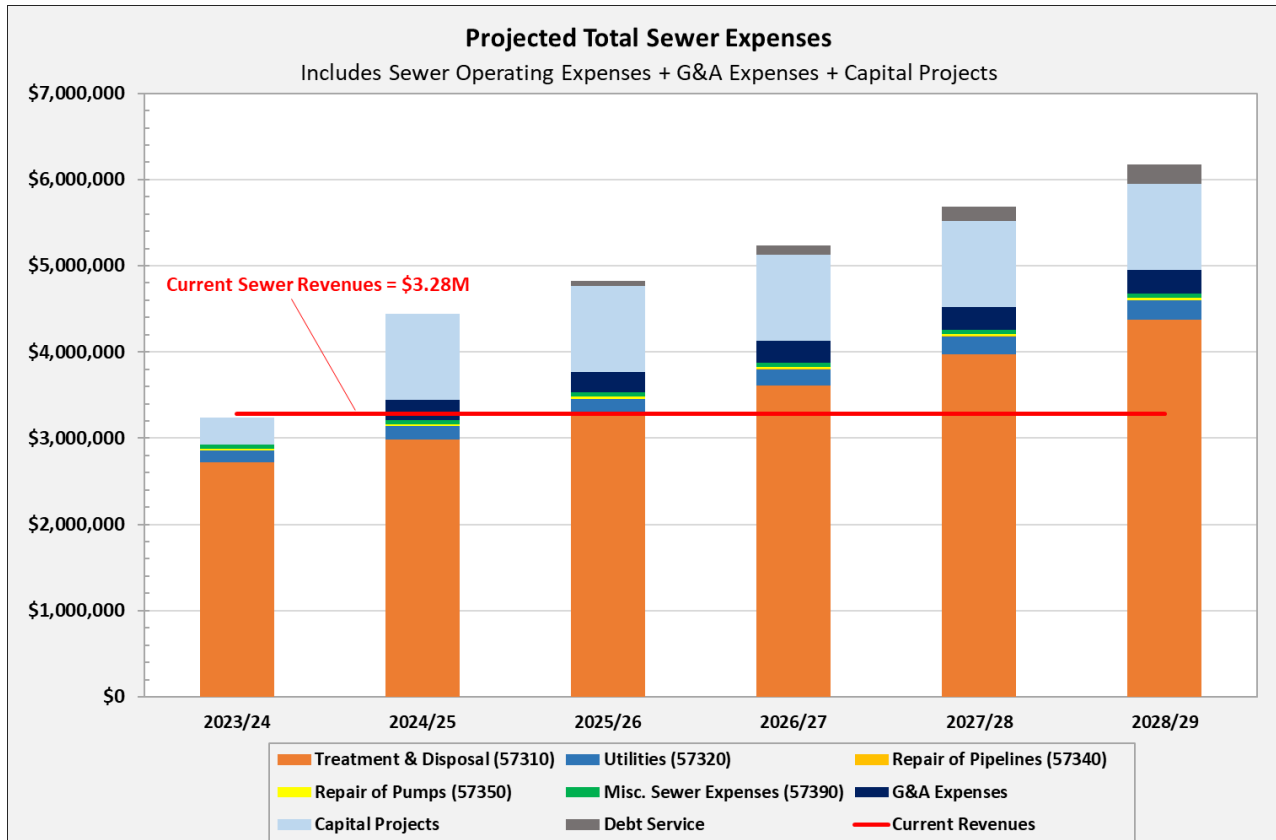
#### **Debt Service Coverage**

A chief covenant for the District to secure State loans/grants or revenue bonds/Certificates of Participation (COPs) is to maintain a specific debt service coverage ratio. A debt service coverage ratio is a financial measure of an agency's ability to repay outstanding debt. The ratio requires that annual water net revenues (gross revenues less operating and maintenance expenses) must be at least 1.25 times the combined annual debt service payments on all parity obligations. Failure to meet the debt service coverage ratio on an annual basis is considered to be technical default. Thus, rates and fees must be set to meet this legal requirement. Moreover, failing to meet debt service coverage may hinder the District's ability to qualify for future debt funding.

#### **4.3.9 Total Sewer Expenses**

Figure 8 graphically shows the Sewer Fund's projected total expenses including operating expenses, G&A expenses, estimated debt service, and capital projects. As shown in the chart, expenses would exceed revenues beginning in 2024/25 absent a rate increase.

**Figure 8: Projected Total Sewer Expenses**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



#### 4.3.10 Sewer Cash Flow Objectives

Over the five-year rate study period, the proposed sewer rate increases are needed to meet the following objectives. These goals are indicators of the overall fiscal health of the Sewer Fund:

1. Meet debt service coverage ratio (1.25x)
  - a. A standard financial measure of an agency's ability to repay outstanding debt
  - b. Annual net revenues (gross revenues less operating and maintenance expenses) must be at least 1.25 times the combined annual debt service payments on all parity obligations
2. Revenues cover expenses (Positive net revenues)
  - a. To ensure that the Sewer Fund is covering its cost of service (operating and capital expenses)
  - b. To avoid an operating deficit and dipping into reserves

3. Meet proposed Sewer Fund reserve targets by 2028/29
  - a. Operating: 25% of annual O&M costs
  - b. Capital: 50% of annual depreciation (\$33,090 for 2024/25)
  - c. Debt Service: Total debt service for one year

#### **4.3.11 Sewer Cash Flow**

As shown on the cash flow Table 35, the recommended revenue adjustments are 5.0% for 2024/25, followed by 10.0% annual increases beginning in 2025/26 through 2028/29. These increases are necessary to pay for sewer treatment and other operating expenses and to perform critical infrastructure repairs. The first rate increase will go into effect on July 1 of each year beginning in 2024 through 2028. As of July 1, 2023, beginning Sewer Fund reserves total \$2,347,102. The projections are based on the 2023/24 budget and include the following assumptions:

##### **Revenues**

- Beginning in 2024/25, Taxes & Assessments (49300) revenues are split 70.0% for water and 30.0% for sewer.
- Taxes & Assessments (49300) and Other Income (49700) are increased by 3.0% each year.
- Interest (49210) is projected at 2.0% per year.
- No Cap Facilities Income (49800) are anticipated over the next 5 years.
- Assumes no growth or any major changes in the customer base.
- Winter flow (Jan/Feb consumption) is based on 2022/23 flow and is not anticipated to increase over the next 5 years.
- Beginning in 2024/25, the Water Fund will pay the Sewer Fund \$100,000 each year over 8 years through 2031/32 to repay the \$800,000 interfund loan.

##### **Expenses**

- Salaries & Benefits are increased by 6.0% each year.
- Utilities are increased by 10.0% each year.
- Treatment & Disposal (57310) is escalated by 3.0% for 2024/25. Beginning in 2025/26, Treatment & Disposal is increased by 10.0% each year through 2028/29.
- All other expenses increased by 3.0% each year.
- Beginning in 2024/25, 30% of the General Manager's salary and benefits is allocated to the Sewer Fund.
- Beginning in 2024/25, unless the expense is 100% allocated to water, all other G&A Operating Expenses are split 70% to water and 30% to sewer.

**Table 35: Sewer Cash Flow Projection**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Budget 2023/24	Projected				
		2024/25	2025/26	2026/27	2027/28	2028/29
Revenue Adjustment		5.0%	10.0%	10.0%	10.0%	10.0%
Rate Increase Effective		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
<b>BEGINNING FUND BALANCE</b>	\$2,347,102	\$2,393,964	\$1,955,064	\$1,996,064	\$2,031,064	\$2,065,064
<b>REVENUES</b>						
<b>Operating Revenues [1]</b>						
Sewer Service Fees (42351)	3,284,888	3,449,000	3,794,000	4,173,000	4,590,000	5,049,000
Misc. Operations (42345)	0	0	0	0	0	0
Interest (49210)	0	48,000	39,000	39,000	39,000	39,000
Taxes & Assessments (49300)	0	209,100	215,000	221,000	228,000	235,000
Other Income (49700)	0	0	0	0	0	0
Rental Income (49910)	0	0	0	0	0	0
Cap Facilities Income (49800)	0	0	0	0	0	0
Capital Facility Expense (56885)	0	0	0	0	0	0
<u>Interfund Loan Repayment</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Subtotal Operating Revenues	3,284,888	3,806,100	4,148,000	4,534,000	4,959,000	5,425,000
Debt Proceeds	0	0	500,000	500,000	500,000	500,000
<b>Total Revenues</b>	3,284,888	3,806,100	4,648,000	5,034,000	5,459,000	5,925,000
<b>EXPENSES</b>						
<b>Sewer Operating Expenses</b>						
Treatment & Disposal (57310)	2,715,565	2,797,032	3,077,000	3,385,000	3,724,000	4,096,000
Utilities (57320)	137,600	151,000	166,000	183,000	201,000	221,000
Repair of Pipelines (57340)	5,000	5,000	5,000	5,000	5,000	5,000
Repair of Pumps (57350)	20,000	21,000	22,000	23,000	24,000	25,000
<u>Misc. Sewer Expenses (57390)</u>	<u>46,861</u>	<u>48,000</u>	<u>49,000</u>	<u>50,000</u>	<u>52,000</u>	<u>54,000</u>
Subtotal Sewer Operating Expenses	2,925,026	3,022,032	3,319,000	3,646,000	4,006,000	4,401,000
<b>General &amp; Administrative (G&amp;A) Expenses [2]</b>						
Salaries & Benefits	0	123,000	131,000	139,000	148,000	157,000
Engineering Svs. (56830)	0	17,000	18,000	19,000	20,000	21,000
Billing (56850)	0	9,000	9,000	9,000	9,000	9,000
Insurance (56870)	0	24,000	25,000	26,000	27,000	28,000
Miscellaneous (56890)	0	14,000	14,000	14,000	14,000	14,000
Banking and Cr.Card Fees (56875)	0	0	0	0	0	0
<u>Other Expenses</u>	<u>0</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>
Subtotal G&A Operating Expenses	0	223,000	233,000	243,000	254,000	265,000
<b>Total Operating Expenses</b>	2,925,026	3,245,000	3,552,000	3,889,000	4,260,000	4,666,000
<b>Net Operating Revenues</b>	359,862	561,100	596,000	645,000	699,000	759,000
<b>Non-Operating Expenses</b>						
Sewer Capital Projects	313,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Debt Service</u>	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>110,000</u>	<u>165,000</u>	<u>220,000</u>
Subtotal Non-Operating Expenses	313,000	1,000,000	1,055,000	1,110,000	1,165,000	1,220,000
<b>Total Expenses</b>	3,238,026	4,245,000	4,607,000	4,999,000	5,425,000	5,886,000
<b>NET REVENUES</b>	46,862	(438,900)	41,000	35,000	34,000	39,000
<b>ENDING FUND BALANCE</b>	2,393,964	1,955,064	1,996,064	2,031,064	2,065,064	2,104,064

	Budget 2023/24	Projected				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>RESERVE FUNDS</b>						
Proposed Operating Reserve Target (25% of O&M)	731,256	813,008	889,750	974,000	1,066,750	1,168,500
Proposed Capital Reserve Target (50% of Depreciation)	<u>33,090</u>	<u>33,090</u>	<u>33,090</u>	<u>33,090</u>	<u>33,090</u>	<u>33,090</u>
Total Sewer Reserve Fund Target	764,346	844,340	921,090	1,005,340	1,098,090	1,199,590
Target Met	yes	yes	yes	yes	yes	yes
<b>DEBT SERVICE COVERAGE</b>						
Debt Service Coverage Target - 1.25x [3]	-	-	10.84	5.86	4.24	3.45
Target Met?	-	-	yes	yes	yes	yes

1 - Interest is estimated at 2% of fund balance. All Other Revenues escalated by 3%. Beginning in 2024/25, Taxes & Assessments (49300) are allocated 70% to water and 30% to sewer.

2 - Beginning in 2024/25, 30% of the General Manager's salary & expenses is allocated to the Sewer Fund. Unless designated 100% to water, most G&A expenses are split 70% to water and 30% to sewer.

3 - Net Operating Revenues / Debt Service



## 4.4 Sewer Rate Calculation

The revenue requirement detailed on the cash flow projection determines the amount of revenue to be recovered from sewer rates. Table 36 calculates the proposed sewer rates for the next five years. The *Sewer Service Fees* (Total Revenue Requirement) from the cash flow (line 9, Table 35) for each year is divided by the *Projected Flow* and then divided by 6 months to derive a bimonthly *Sewer Rate per ccf*. Projected flow is 47,000 ccf based on 2022/23 consumption and is not projected to increase over the next few years. The proposed 2024/25 sewer rate for all customers is \$12.23 per ccf, representing a \$0.37 (or 3.1%) increase from the current sewer rate of \$11.86.

The rates have been calculated to increase total *Sewer Service Fee* revenues by 5.0% for 2024/25. However, the proposed revenue adjustments in the cash flow do not directly correlate to the same increase in rates because the rates have been updated with current flow data. As shown on Table 27, total consumption and sewer flow has decreased in recent years due to conservation. The proposed sewer rates reflect the current cost of service for each customer as required by Proposition 218.

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**Table 36: Sewer Rate Calculation**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	PROJECTED				
	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Total Sewer Service Fees/ Revenue Requirement [1]</b>	\$3,449,000	\$3,794,000	\$4,173,000	\$4,590,000	\$5,049,000
<b>Projected Jan/Feb Flow (ccf)</b>	47,000	47,000	47,000	47,000	47,000
<b>Sewer Rate per ccf</b>	<b>\$12.23</b>	<b>\$13.45</b>	<b>\$14.80</b>	<b>\$16.28</b>	<b>\$17.90</b>

1 - From Cash Flow - Table 35, Line 9

### 4.4.1 Proposed Sewer Rates

Table 37 shows the proposed sewer rates for the next five years beginning July 1, 2024 through July 1, 2028. The sewer service charges are billed annually through the County's property tax bill.

**Table 37: Proposed Sewer Rates  
Westborough Water District  
Water and Sewer Rate Study 2024**

	Current	PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Effective Date		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Sewer Rate per ccf*	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Percent Change		3.1%	10.0%	10.0%	10.0%	10.0%

\* 1 ccf = one hundred cubic feet or 748 gallons. Based on January and February consumption.

#### 4.4.2 Sewer Bill Impacts

Sample bill impacts are included on Table 38. The average flow for the typical single family customer is 10 ccf every two months. Actual bill impacts will vary based on January/February consumption.

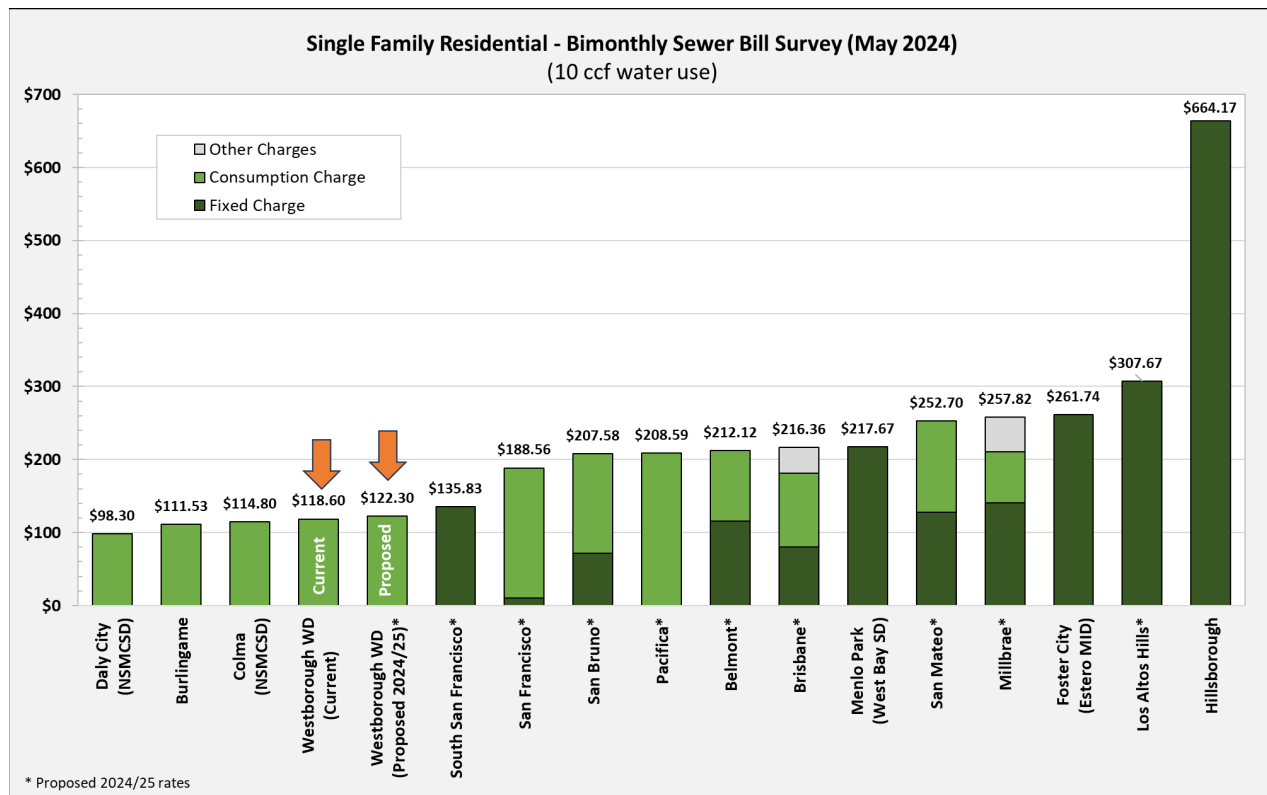
**Table 38: Sample Bimonthly Sewer Bills  
Westborough Water District**

	Current	PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
2 CCF BIMONTHLY (MINIMUM CHARGE)						
Sewer Rate per ccf	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Bimonthly Flow (ccf)	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Bimonthly Sewer Bill	\$23.72	\$24.46	\$26.90	\$29.60	\$32.56	\$35.80
Increase to Bimonthly Bill		\$0.74	\$2.44	\$2.70	\$2.96	\$3.24
% Change		3.1%	10.0%	10.0%	10.0%	10.0%
10 CCF BIMONTHLY (AVERAGE CUSTOMER)						
Sewer Rate per ccf	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Bimonthly Flow (ccf)	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total Bimonthly Sewer Bill	\$118.60	\$122.30	\$134.50	\$148.00	\$162.80	\$179.00
Increase to Bimonthly Bill		\$3.70	\$12.20	\$13.50	\$14.80	\$16.20
% Change		3.1%	10.0%	10.0%	10.0%	10.0%
20 CCF BIMONTHLY						
Sewer Rate per ccf	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Bimonthly Flow (ccf)	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total Bimonthly Sewer Bill	\$237.20	\$244.60	\$269.00	\$296.00	\$325.60	\$358.00
Increase to Bimonthly Bill		\$7.40	\$24.40	\$27.00	\$29.60	\$32.40
% Change		3.1%	10.0%	10.0%	10.0%	10.0%

### 4.4.3 Regional Sewer Bill Survey

Figure 9 compares the District's current typical bimonthly residential sewer bill using 10 ccf over a 2-month period with those of surrounding agencies. It should be noted that many of the agencies shown on the chart will likely also be increasing their sewer rates over the next few years.

**Figure 9: Regional Sewer Bill Survey**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**



# APPENDIX

**List of G&A Expenses Allocated to Water and Sewer**  
**Westborough Water District**  
**Water and Sewer Rate Study 2024**

	Expense Category	Allocation to Water	Allocation to Sewer	Notes
1	<b>Salaries (56110)</b> General Manager Plus Car Allowance Office Supervisor Operations Assistant Cost of living Incentive awards/Merit Increase Sick Leave - Buy Out	66.7% 66.7% 100.0% 100.0% 100.0% 100.0% 100.0%	33.3% 33.3% 0.0% 0.0% 0.0% 0.0% 0.0%	1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer
2	<b>Salaries Temp (56112)</b> Temporary Office Employees	100.0%	0.0%	
3	<b>Salaries Overtime (56113)</b> Overtime	100.0%	0.0%	
4	<b>Employee Benefits (56400)</b> Medical Delta Dental Vision Employee Life Ins. Directors Life Ins. Retiree Medical	100.0% 100.0% 100.0% 100.0% 100.0% 100.0%	0.0% 0.0% 0.0% 0.0% 0.0% 0.0%	1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer
5	<b>Employee OPEB Benefits (56450)</b> Pre-Funding Retiree Health Benefits Less Retiree Medical Payments Made	100.0% 100.0%	0.0% 0.0%	1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer
6	<b>Employee CalPERS Benefits (56115)</b> Retirement - Classic @ 11.34% Retirement - PEPRA @ 7.59% CalPERS - UAL	66.7% 100.0% 100.0%	33.3% 0.0% 0.0%	
7	<b>Payroll Tax (56410)</b> FICA @ 7.65% Directors @ 7.65% SUI / \$7,000 cap @ 1.6% x 3 employees SUI / \$7,000 cap @ 1.6% x 5 directors	100.0% 100.0% 100.0% 100.0%	0.0% 0.0% 0.0% 0.0%	1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer
8	<b>Employee OPEB Benefits (56450)</b> Pre-Funding Retiree Health Benefits Less Retiree Medical Payments Made	100.0% 100.0%	0.0% 0.0%	1/3 of the General Manager's share is allocated to sewer 1/3 of the General Manager's share is allocated to sewer
9	<b>Office Supplies (56210)</b> Copier Maintenance Agreement Printer Toners Postage Meter Rental Postage for Meter Office Supplies Year-end Forms P.O. Box Fee Payroll and Vendor Checks Miscellaneous Supplies	70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0%	30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0%	
10	<b>Memberships (56230)</b> BAWSCA Assessment SSF Chamber of Commerce A.C.W.A. Costco SMC CSD Miscellaneous	100.0% 70.0% 100.0% 70.0% 70.0% 70.0%	0.0% 30.0% 0.0% 30.0% 30.0% 30.0%	

	Expense Category	Allocation to Water	Allocation to Sewer	Notes
11	<b>Travel and Education (56250)</b> ACWA Spring and Fall Conferences - Registration ACWA Spring and Fall Conferences - Housing Region 5 x 4 /accomodation, meals State Legislator Conf (Sacramento) Staff Attendance to Training Conferences Staff Continuing Ed & Seminars CSDA Meetings Miscellaneous	100.0% 100.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0%	0.0% 0.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0%	
12	<b>Utilities (56280)</b> PG&E - Main Office - Gas Meter	70.0%	30.0%	
13	<b>Telephone/Internet (56290)</b> Comcast - Phone and Internet	70.0%	30.0%	
14	<b>Water Conservation (56500)</b> Water Conservation items Toilet/Washing Rebate Program	70.0% 70.0%	30.0% 30.0%	
15	<b>Buildings and Grounds Maint (56700)</b> Alarm Montoring - Skyline (2) & Office: Burglar and Fire Alarm Maintenance SSF Scavenger Porta-Potty - Skyline Tank Site Fire Extinguishers Annual Maint. Skyline Tank Site Gate Maint. Supplies/Equipment Maintenance Miscellaneous	70.0% 70.0% 70.0% 100.0% 70.0% 100.0% 70.0%	30.0% 30.0% 30.0% 0.0% 30.0% 0.0% 30.0%	
16	<b>Parking Rentals (56750)</b> Colina Parking - 3 ea @ \$160 x 12 months	70.0%	30.0%	
17	<b>Directors' Fees (56810)</b> ACWA Spring ACWA Fall Regular Meetings Committee Mtgs. Special Meetings SMC CSD Region 5 mtg Suburban Tour	100.0% 100.0% 70.0% 70.0% 70.0% 70.0% 100.0% 100.0%	0.0% 0.0% 30.0% 30.0% 30.0% 30.0% 0.0% 0.0%	
18	<b>Engineering Services (56830)</b> Misc. Engineering Projects	70.0%	30.0%	
19	<b>Accountant Services (56840)</b> Accountant Auditor Misc. CWS (Programming) OPEB Actuarial (Only GASB75)	100.0% 100.0% 70.0% 70.0%	0.0% 0.0% 30.0% 30.0%	Sewer's share already included in the sewer budget Sewer's share already included in the sewer budget
20	<b>Legal Services (56841)</b> Retainer (1/2 Water) Misc.	100.0% 70.0%	0.0% 30.0%	Sewer's share already included in the sewer budget
21	<b>Billing (56850)</b> Billing Forms and Envelopes Postage for Bills Stuffing and Mailing Bills (6 x \$630) Reminder Notices and Envelopes Postage for Reminders Other Printed Materials Misc. Supplies Billing Software Maintenance (4 x \$2,676) Hardware Maintenance Envelope Stuffer Maintenance Check Endorser Maint.Agreement Hand Held Sensus Support Other Software IT Support	100.0% 100.0% 100.0% 100.0% 100.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0%	0.0% 0.0% 0.0% 0.0% 0.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0%	

	Expense Category	Allocation to Water	Allocation to Sewer	Notes
22	<b>Communications (56860)</b> Newsletters (3x\$2000) Postage for Newsletters Water Quality Report Water Quality Report Postage Prop. 218 Notice (1/2 of Cost) Prop. 218 Notice Mailing (1/2 of Cost) Public Hearing Ads & Ordinances (1/2 of Cost) Internet Service (\$65x6x12) Website Hosting Water Conservation Banner - Permit GoDaddy - Licenses Miscellaneous Zoom (\$15.99 per month)	70.0% 70.0% 100.0% 100.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0% 70.0%	30.0% 30.0% 0.0% 0.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0% 30.0%	
23	<b>General Election (56865)</b> Annual District Election (1/2 Election)	100.0%	0.0%	Sewer's share already included in the sewer budget
24	<b>Insurance (56870)</b> Workers Compensation Property Insurance Auto and General Liability	70.0% 70.0% 70.0%	30.0% 30.0% 30.0%	
25	<b>Banking and Credit Card Fees (56875)</b> TCB Bank Fees Evalon CC Fees CWS Online Processing Fees	100.0% 100.0% 100.0%	0.0% 0.0% 0.0%	
26	<b>Bad Debt (56880)</b> Bad Debts Written Off	100.0%	0.0%	
26	<b>Miscellaneous (56890)</b> Property Tax LAFCO Assessment - Water Employee Appreciation/Recruitment Misc. Petty Cash Rate Study Other Misc.	100.0% 100.0% 70.0% 70.0% 50.0% 70.0%	0.0% 0.0% 30.0% 30.0% 50.0% 30.0%	One-time expense for FY 2023/24