

Calaveras County Water District

Public Hearing

September 13



Water Enterprise

Long-Term Financial Plan



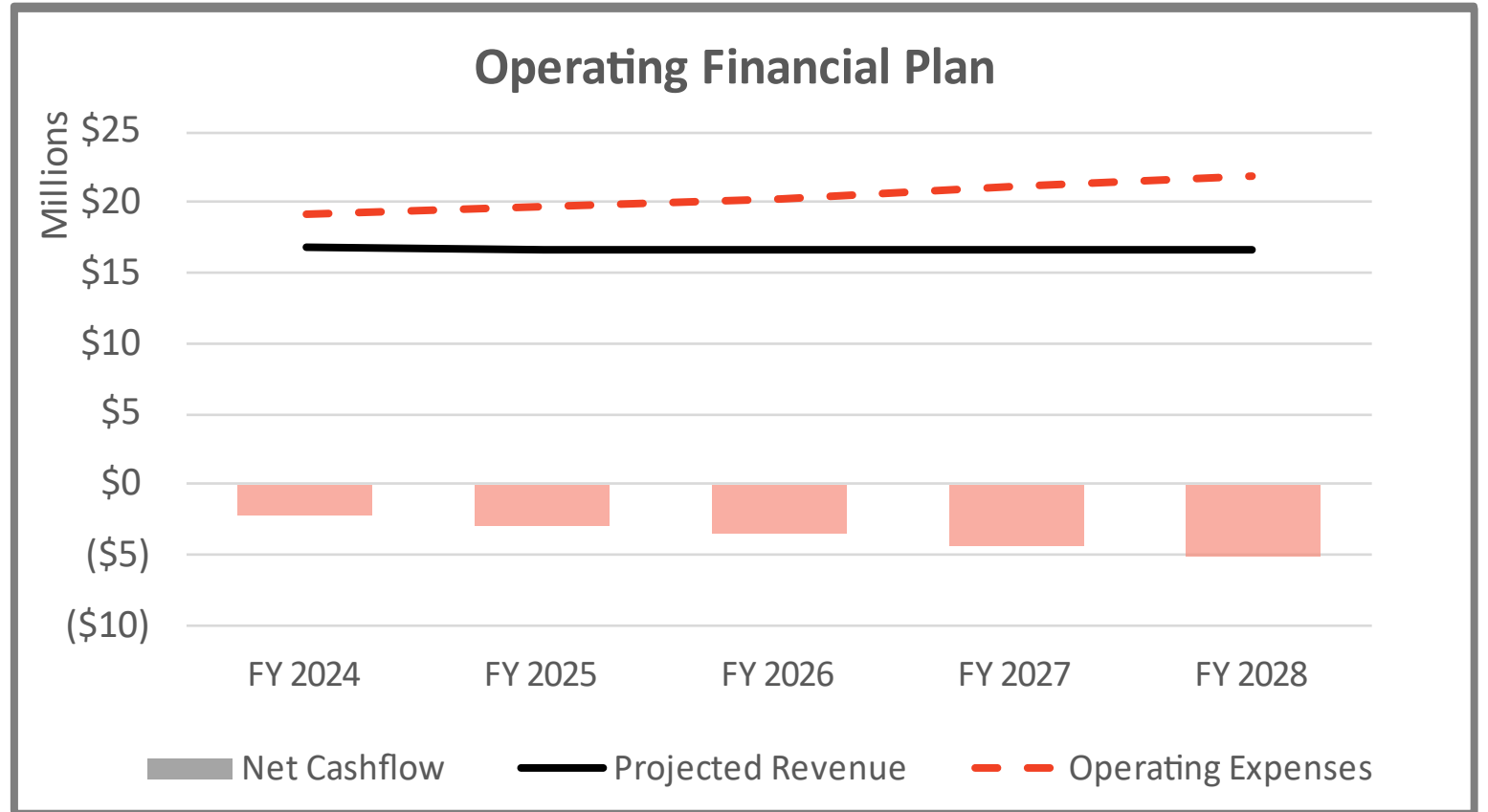
Calaveras County
Water District

Current Financial Position

At Existing Rates

Financial Plan Metrics

- Generate Positive Net Income
- Comply with Debt Covenants
- Sufficiently Fund Capital Needs
- Meet Reserve Targets



Financial Position

Water at Current Rates

Results From Review

- Requires revenue increases each year
 - Eliminate ongoing operating deficit over the planning period
 - Satisfy debt coverage of 125%
 - Maintain water system by addressing certain repair and replacement projects
 - Replenish and maintain healthy reserves

Final Proposed Water Financial Plan

FY 2024 – FY 2028

Financial Plan Key Components

➤ Satisfy Debt Coverage of 125%

- Uses Rate Stabilization Reserve to buydown debt
- \$520k to principal buydown
- FY 2024 coverage at 131%

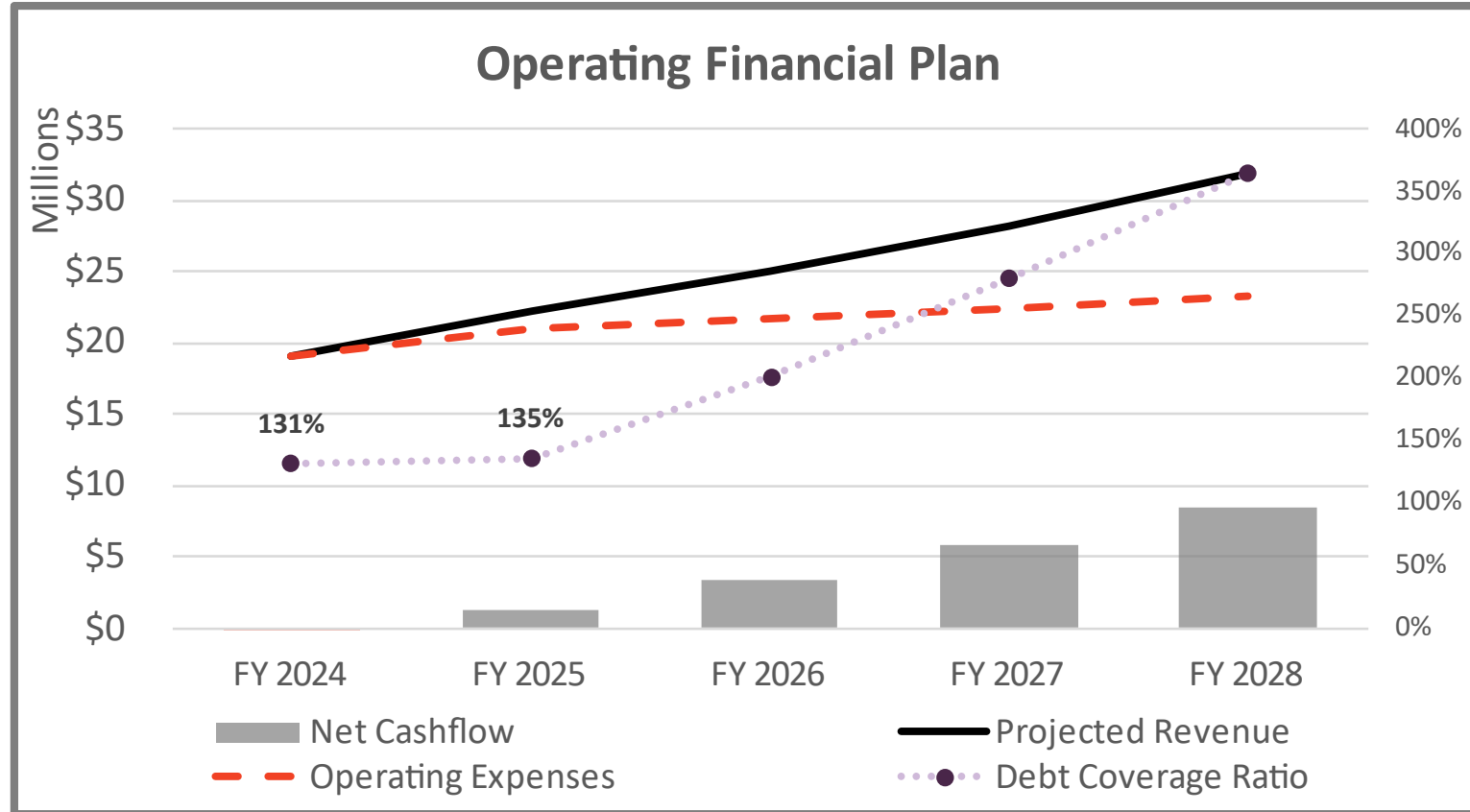
➤ Generate positive net income

➤ Capital Improvement Plan

- Adjusted project timing over 5 years
- Proposed Debt issue in FY 2025
 - \$16.5M to cover capital spending

Revenue Adjustments:

FY 2024 – FY 2028: 22%, 18%, 16%, 16%, 15%



Proposed Five-Year Fixed Charge Schedule

FY 2024 – FY 2028

| Base Fixed Meter Charges (\$/Bi-Month) | | | | | | | |
|---|---------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|
| Meter Size | Number of Accounts | Current Fixed | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| 5/8" | 13,231 | \$120.35 | \$136.03 | \$160.52 | \$186.21 | \$216.01 | \$248.42 |
| 3/4" | 3 | \$180.53 | \$191.20 | \$225.62 | \$261.72 | \$303.60 | \$349.14 |
| 1" | 79 | \$300.89 | \$301.54 | \$355.82 | \$412.76 | \$478.81 | \$550.64 |
| 1 1/2" | 23 | \$601.77 | \$577.39 | \$681.33 | \$790.35 | \$916.81 | \$1,054.34 |
| 2" | 21 | \$962.83 | \$908.41 | \$1,071.93 | \$1,243.44 | \$1,442.40 | \$1,658.76 |
| 3" | 2 | \$1,925.66 | \$1,791.13 | \$2,113.54 | \$2,451.71 | \$2,843.99 | \$3,270.59 |

Proposed Five-Year Variable Rate Schedule

FY 2024 – FY 2028

| Variable Rates (\$/HCF) | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| Customer | Current | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | |
| Residential | | | | | | | |
| Tier 1 | \$1.17 | \$2.07 | \$2.45 | \$2.85 | \$3.31 | \$3.81 | |
| Tier 2 | \$1.22 | \$2.25 | \$2.66 | \$3.09 | \$3.59 | \$4.13 | |
| Tier 3 | \$1.68 | \$2.49 | \$2.94 | \$3.42 | \$3.97 | \$4.57 | |
| Tier 4 | \$1.90 | N/A | N/A | N/A | N/A | N/A | |
| Non-Residential | \$1.57 | \$2.29 | \$2.71 | \$3.15 | \$3.66 | \$4.21 | |
| Irrigation | \$1.91 | \$2.27 | \$2.68 | \$3.11 | \$3.61 | \$4.16 | |

Wastewater Enterprise

Long-Term Financial Plan



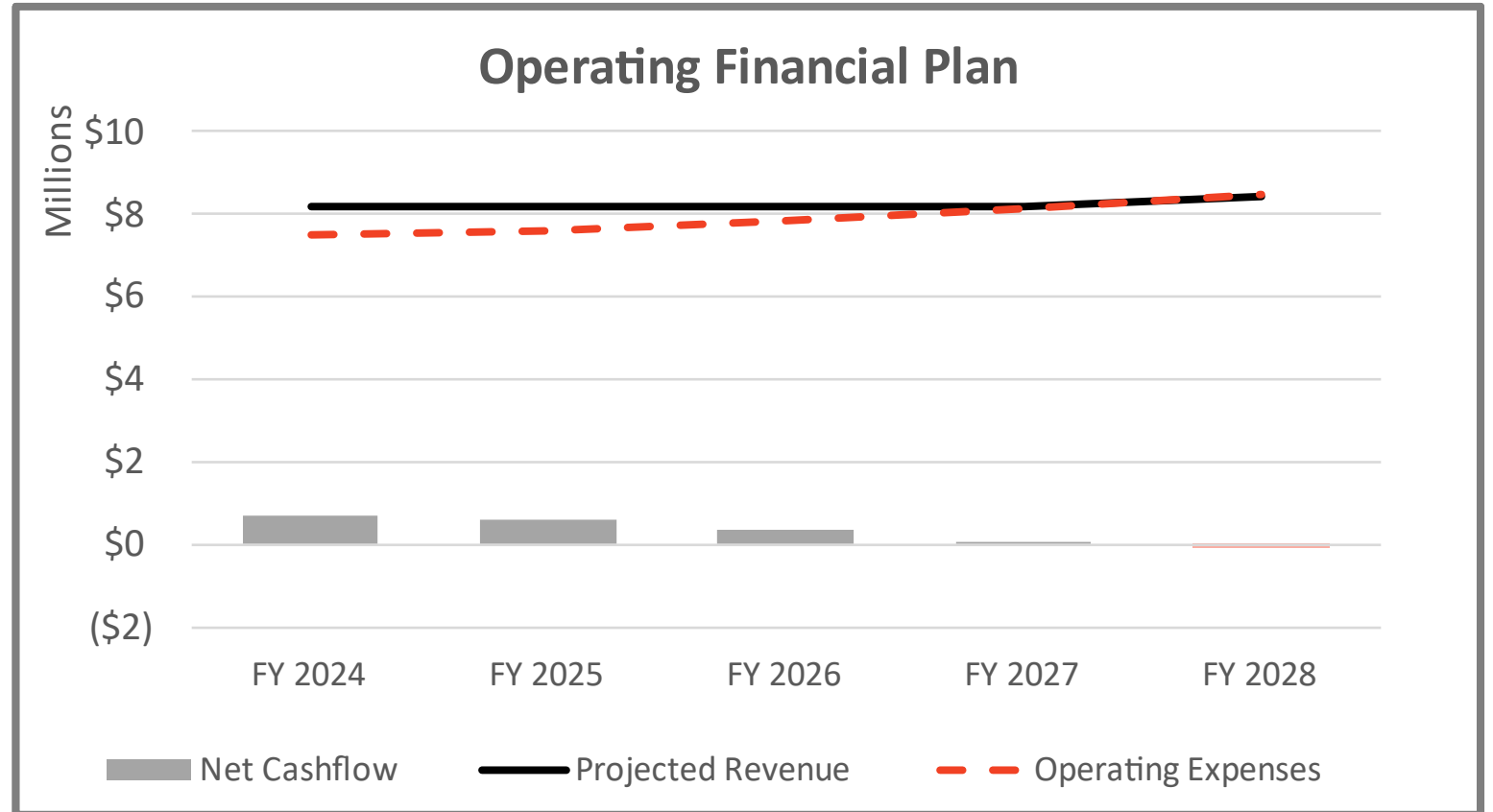
Calaveras County
Water District

Current Financial Position

Wastewater Enterprise

Financial Plan Metrics

- Generate Positive Net Income
- Comply with Debt Covenants
- Sufficiently Fund Capital Needs
- Meet Reserve Targets



Financial Position

Wastewater at Current Rates

Results From Review

- Net income decreasing each year
- Reserves below the minimum requirements
- At existing rates, reserves would be used to cover capital expenses
 - Not sustainable long-term
 - Reserves already below minimum requirements
 - Reserves depleted in FY 2025

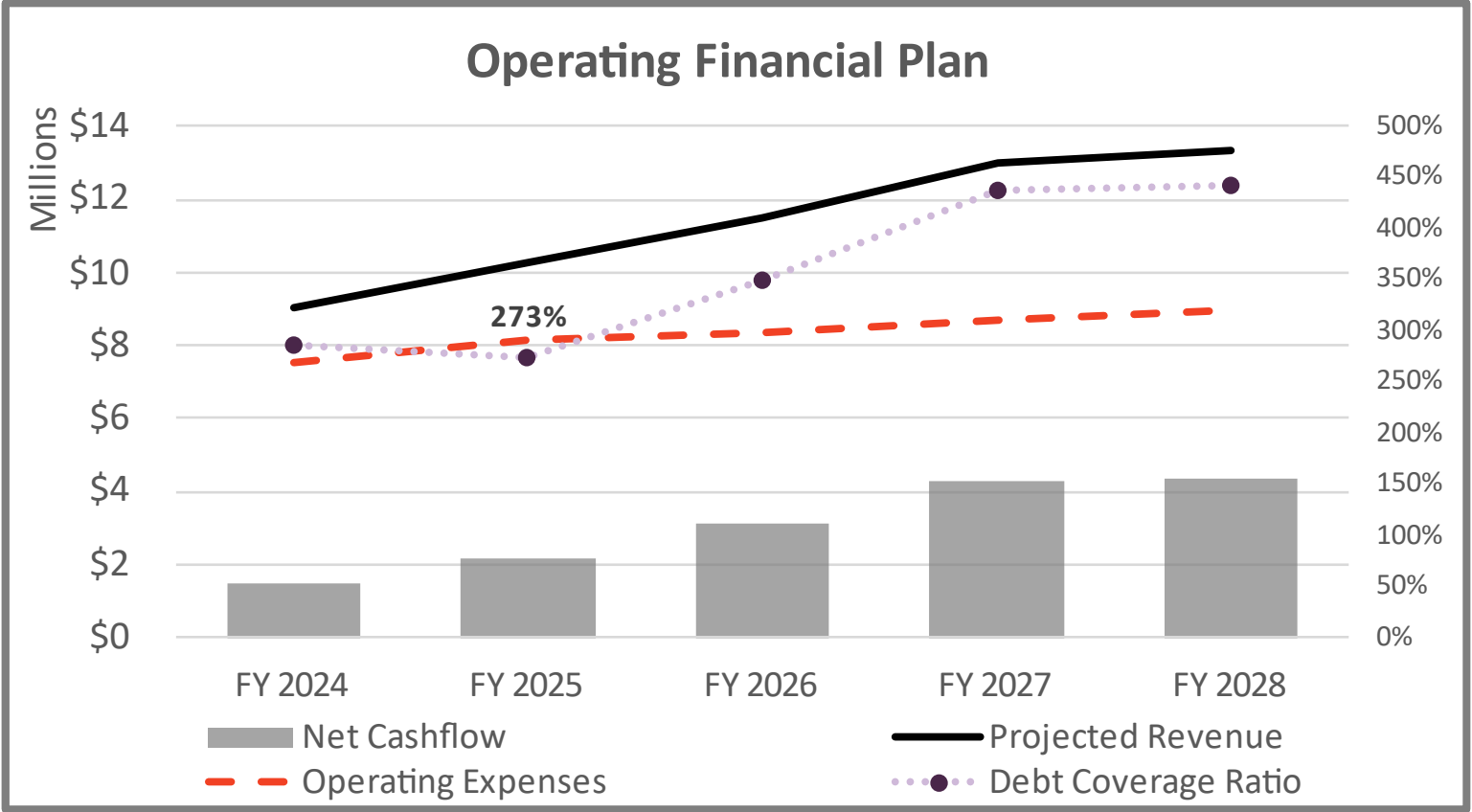
Proposed Wastewater Financial Plan

FY 2024 – FY 2048

Revenue Adjustments:
 FY 2024 – FY 2028: 14%, 14%, 14%, 14%, 3%

Proposed Financial Plan

- Positive Net Income
- Fully fund capital needs
 - \$35.8M over the next 5 years
- Issue debt to fund short-term capital
 - Allows rates to increase over time and transition to PAYGO funding
 - \$6M in FY 2024-25
 - Ensure ongoing debt coverage
- Meets Reserve during planning period



Proposed Five-Year EDU Charge Schedule

FY 2024 – FY 2028

| Total Fixed Charges (\$/Bi-Month/EDU) | | | | | | | |
|--|-------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Customer Class | EDUs | Current | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Residential | 4,711 | \$210.63 | \$239.39 | \$272.90 | \$311.09 | \$354.64 | \$365.26 |
| Non-Residential | 735 | \$206.18 | \$239.39 | \$272.90 | \$311.09 | \$354.64 | \$365.26 |

**EDU = Equivalent Dwelling Unit*

Requested Option by the Board

Deferred CIP - Water and Wastewater



Calaveras County
Water District

Water Fixed Charge Comparison

FY 2024 – FY 2028

IB Consulting Recommended Rates

| Total Fixed Meter Charges (\$/Bi-Month) | | | | | | |
|---|----------|------------|------------|------------|------------|------------|
| Revenue Adjustment: | | 22.0% | 18.0% | 16.0% | 16.0% | 15.0% |
| Meter Size | Accounts | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| 5/8" | 13,231 | \$136.03 | \$160.52 | \$186.21 | \$216.01 | \$248.42 |
| 3/4" | 3 | \$191.20 | \$225.62 | \$261.72 | \$303.60 | \$349.14 |
| 1" | 79 | \$301.54 | \$355.82 | \$412.76 | \$478.81 | \$550.64 |
| 1 1/2" | 23 | \$577.39 | \$681.33 | \$790.35 | \$916.81 | \$1,054.34 |
| 2" | 21 | \$908.41 | \$1,071.93 | \$1,243.44 | \$1,442.40 | \$1,658.76 |
| 3" | 2 | \$1,791.13 | \$2,113.54 | \$2,451.71 | \$2,843.99 | \$3,270.59 |

Deferred CIP Rates

| Total Fixed Meter Charges (\$/Bi-Month) | | | | | | |
|---|----------|------------|------------|------------|------------|------------|
| Revenue Adjustment: | | 22.0% | 12.0% | 13.0% | 13.0% | 13.0% |
| Meter Size | Accounts | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| 5/8" | 13,231 | \$136.03 | \$152.36 | \$172.17 | \$194.56 | \$219.86 |
| 3/4" | 3 | \$191.20 | \$214.15 | \$241.99 | \$273.45 | \$309.00 |
| 1" | 79 | \$301.54 | \$337.73 | \$381.64 | \$431.26 | \$487.33 |
| 1 1/2" | 23 | \$577.39 | \$646.68 | \$730.75 | \$825.75 | \$933.10 |
| 2" | 21 | \$908.41 | \$1,017.42 | \$1,149.69 | \$1,299.15 | \$1,468.04 |
| 3" | 2 | \$1,791.13 | \$2,006.07 | \$2,266.86 | \$2,561.56 | \$2,894.57 |

* FY 2024 rates are impacted by the revenue adjustment and the updated cost-of-service analysis

Water Variable Rate Comparison

FY 2024 – FY 2028

IB Consulting Recommended Rates

Variable Rates (\$/HCF)

Revenue Adjustment: 22.0% 18.0% 16.0% 16.0% 15.0%

| Customer Class | Tier Definitions (HCF) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------|------------------------|---------|---------|---------|---------|---------|
| Residential | | | | | | |
| Tier 1 | 0 - 15 | \$2.07 | \$2.45 | \$2.85 | \$3.31 | \$3.81 |
| Tier 2 | 15.01 - 30 | \$2.25 | \$2.66 | \$3.09 | \$3.59 | \$4.13 |
| Tier 3 | >30 | \$2.49 | \$2.94 | \$3.42 | \$3.97 | \$4.57 |
| Tier 4 | | N/A | N/A | N/A | N/A | N/A |

Deferred CIP Rates

Variable Rates (\$/HCF)

Revenue Adjustment: 22.0% 12.0% 13.0% 13.0% 13.0%

| Customer Class | Tier Definitions (HCF) | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|----------------|------------------------|---------|---------|---------|---------|---------|
| Residential | | | | | | |
| Tier 1 | 0 - 15 | \$2.07 | \$2.32 | \$2.63 | \$2.98 | \$3.37 |
| Tier 2 | 15.01 - 30 | \$2.25 | \$2.52 | \$2.85 | \$3.23 | \$3.65 |
| Tier 3 | >30 | \$2.49 | \$2.79 | \$3.16 | \$3.58 | \$4.05 |
| Tier 4 | | N/A | N/A | N/A | N/A | N/A |

* FY 2024 rates are impacted by the 22% revenue adjustment and the updated cost-of-service analysis

** Tiered allotments were adjusted, previous tiers (in HCF) were T1 = 10; T2 = 10.01 – 60; T3 = 60.01 – 120; T4 > 120

Wastewater EDU Charge Comparison

FY 2024 – FY 2028

IB Consulting Recommended Rates

| | 14.0% | 14.0% | 14.0% | 14.0% | 3.0% |
|---------------------------------------|----------|----------|----------|----------|----------|
| Total Fixed Charges (\$/Bi-Month/EDU) | | | | | |
| Customer Class | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Residential | \$239.40 | \$272.92 | \$311.13 | \$354.69 | \$365.34 |
| Non-Residential | \$239.40 | \$272.92 | \$311.13 | \$354.69 | \$365.34 |

*EDU = Equivalent Dwelling Unit

Deferred CIP Rates

| | 12.0% | 12.0% | 12.0% | 12.0% | 5.0% |
|---------------------------------------|----------|----------|----------|----------|----------|
| Total Fixed Charges (\$/Bi-Month/EDU) | | | | | |
| Customer Class | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Residential | \$235.21 | \$263.44 | \$295.06 | \$330.47 | \$347.00 |
| Non-Residential | \$235.21 | \$263.44 | \$295.06 | \$330.47 | \$347.00 |

* FY 2024 rates are impacted by the revenue adjustment and the updated cost-of-service analysis

Habib Isaac

IB Consulting

Principal | Managing Partner

Phone: 951-595-9354 | Email: hisaac@IBConsultingInc.com

Andrea Boehling

IB Consulting

Principal | Managing Partner

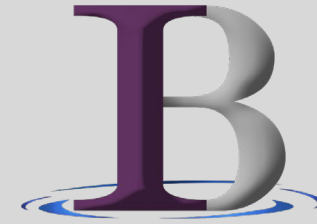
Phone: 615-870-9371 | Email: aboehling@IBConsultingInc.com

Lauren Demine

IB Consulting

Sr. Consultant

Phone: 909-702-9372 | Email: ldemine@IBConsultingInc.com



C O N S U L T I N G