



El Dorado Irrigation District Operating Budget and Financial Plan Board Approved December 12, 2022

2023–2024 Operating Budget and 2023–2027 Financial Plan

The Board adopted the 2023–2024 Operating Budget and the 2023–2027 Financial Plan.

The chart below shows the rate increase effects for average customer usage.

Please see the [2020 Proposition 218](#) for additional information.

Commodity	2023	%
Water	\$6.47	5.0%
Wastewater	\$1.35	1.0%
Water and Wastewater	\$7.82	3.0%
Water, Wastewater, & Recycled Water	\$9.00	3.1%

EL DORADO IRRIGATION DISTRICT

SUBJECT: Consider adopting the 2023–2024 Operating Budget and 2023–2027 Financial Plan.

PREVIOUS BOARD ACTION

December 13, 2021 – Board adopted the 2021–2022 mid-cycle operating budget and 2022–2026 Financial Plan, including the implementation of previously approved 5% rate increases for 2022 for water and recycled water, with 0% increase for wastewater for 2022.

November 14, 2022 – Board held a workshop to review the draft 2023–2024 Operating Budget and 2023–2027 Financial Plan.

November 14, 2022 – Board adopted the 2023–2027 Capital Improvement Plan (CIP).

BOARD POLICIES (BP), ADMINISTRATIVE REGULATIONS (AR), AND BOARD AUTHORITY

BP 3010 Budget

AR 3011 Budget Development

AR 3012 Budget Management and Five-Year Financial Plan

SUMMARY OF ISSUE

Following the November 14, 2022 workshop, the 2023–2024 Operating Budget and 2023–2027 Financial Plan has been finalized for Board consideration and adoption.

BACKGROUND/DISCUSSION

Operating Budget

In anticipation of each two-year budget cycle and mid-cycle review, staff prepares projected operating revenues and expenditures for Board consideration. The Finance Department estimates items based on relevant economic factors such as interest rates, investments, market trends, and recent inflationary projections given current market conditions. At the beginning of the budget review, Finance staff provides department heads and division managers with actual operating costs for the past two years as well as through the most recent month of the current year, along with projections to the current year's end. Based on past and current expenditures, operational commitments for the coming year, workload indicators, and budget goals, department heads and division managers develop their proposed budgets for the upcoming year. This year has been particularly challenging given rising costs of goods and services, many of which are exceeding typical inflation rates.

Overall, 2022 revenues are projected to be about \$4.9 million lower than the 2022 adopted budget. Primary drivers toward this change in revenues are:

- \$7.1 million decrease in grant revenue that was received in late 2021 (rather than in 2022 as forecasted in the 2022 adopted budget);
- Forecasted \$1.3 million decrease in Facility Capacity Charge (FCC) revenue associated with the economic downturn;

At the same time, 2022 expenditures are currently projected to be approximately \$1.3 million higher than budgeted. The increase is largely related to two factors. First, fuel costs, electricity, credit card fees, software maintenance, and repair and maintenance supplies and services costs have increased with inflation. As reflected in Table 3 below, total materials and services costs increased approximately \$2.1 million over the adopted 2022 budget. Second, employee wages are also higher by approximately \$1 million owing to labor negotiations which increased wages greater than forecasted within the adopted budget.

The 2023 revenues within this budget proposal are projected to be about \$3.5 million higher than the 2022 revised forecast. Rate revenues are projected to increase about \$2.0 million from the implementation of the previously adopted rate adjustments for 2023 for the water, wastewater, and recycled utilities. FCC revenue is projected to decrease by about \$1.8 million compared to the 2022 revised forecast due to anticipated ongoing economic uncertainties. Property tax revenues are estimated to increase about \$0.8 million.

In preparing for the 2023 operating budget, the General Manager directed staff to limit their program budgets to a not-more-than 6% increase over the adopted 2022 operating budget given ongoing inflationary pressures on goods and services, including electricity and chemicals—two of the largest direct costs to the District’s annual operations. Since 6% was the overall goal, other areas would need to incur cuts to account for goods and services that increased more than the overall goal.

Table 1 compares the revenue projections for 2022, 2023 and 2024.

Table 1: Revenue Projections for 2022, 2023 and 2024 (in millions)

	2022 Adopted Budget	2022 Revised Projection	2023 Proposed Budget	2024 Proposed Budget
Water Sales and Services ⁽¹⁾	\$ 38.500	\$ 39.000	\$ 41.587	\$ 45.059
Wastewater Sales and Services ⁽¹⁾	21.546	21.4300	21.936	22.332
Recycled Water Sales ⁽¹⁾	2.684	2.800	2.900	3.157
Hydropower Sales	3.500	4.500	3.500	3.500
Investment Income	0.750	0.536	0.600	0.750
FCCs	13.200	11.869	10.000	10.000
Debt Surcharges	0.840	0.957	.960	.960
Property Tax	12.955	14.839	15.600	15.912
Grants ⁽²⁾	7.100	.043	0	0
FEMA	0	.680	3.000	0
Other Income	2.081	1.690	1.699	1.708
Recreation	1.528	1.354	1.650	1.683
Total Revenues	\$ 104.684	\$ 99.698	\$ 103.207	\$ 104.837

(1) 2023 projections include previously approved 5% rate increase for water and recycled water rates, and 1% rate increase for wastewater. 2024 projections include an 8% rate increase for water and recycled water rates and a 5% rate increase for wastewater, subject to Proposition 218 compliance, as discussed in the financial plan below.

(2) 2022 Adopted Budget includes \$7.1 million that was received in late 2021.

Analysis of 2022, 2023 and 2024 Budgeted Expense Projections

Table 2 compares the adopted 2022 budget and 2022 year-end expense projections to the proposed 2023–2024 budgets by department and by division. As shown in the table, the proposed 2023 operating budget is forecasted to increase \$3.648 million (6%) over the 2022 adopted budget. The major drivers for the increase will be explained in the discussion preceding Table 3, which shows the operating budget by major expense category.

Table 2: Operating Budget Expenses for 2022, 2023 and 2024 by Department (in millions)

Departments	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Office of the General Manager	\$ 3.811	\$ 3.291	\$ 3.760	\$ 3.948
Communications	0.435	0.401	0.406	0.426
Finance	8.224	9.345	8.503	8.929
Human Resources	3.352	3.403	3.445	3.617
Information Technology	2.694	3.465	3.053	3.206
Engineering				
-Engineering Administration	0.787	0.670	0.697	0.732
-Development Services	0.581	0.278	0.553	0.580
-Water / Hydro Engineering	0.145	(.062)	0.113	0.119
-Wastewater / Recycled Engineering	0.054	0.010	0.013	0.014
-Drafting/GIS Services	0.487	0.488	0.420	0.441
-Construction Inspection	0.160	0.008	(0.120)	(0.125)
-Environmental Compliance	1.959	1.757	1.753	1.841
Operations				
-Administration	0.383	0.362	0.568	0.596
-Water Operations	15.273	16.088	16.258	17.070
-Water Tank recoating ⁽¹⁾	-	-	2.600	0.000
-Wastewater Operations	12.190	12.354	12.313	12.929
-Recycled Water Operations	1.519	0.589	1.608	1.688
-Recycled Water Tank recoating ⁽²⁾	-	-	0.000	2.000
-Hydroelectric Operations	6.091	6.973	6.146	6.453
-Recreation Operations	1.892	1.951	1.796	1.886
Total Expenses	\$ 60.037	\$ 61.371	\$ 63.885	\$ 66.350

(1) Water tank recoating costs separated from Water Operations beginning in 2023

(2) Recycled water tank recoating costs separated from Recycled Water operations beginning in 2023

The proposed 2023 personnel budget projects a net decrease of about \$3.14 million or 8% less than the adopted 2022 budget. Gross wages are projected to increase by about \$1.23 million (5.2%) from 2022 revised projections while benefits decrease by about \$5.16 million (30.6%). The 2022 adopted budget included a 2% cost of living (COLA), however, labor negotiations provided for a 6% wage adjustment, (4% higher than originally budgeted). Additionally, total wages for 2023 include a 5% cost of living increase previously negotiated with the represented associations for an overall 9% increase compared to the 2022 adopted budget. The 5% COLA in 2023 represents a 1.7% increase to the overall budget, whereas the merit-based salary step increase represents a 0.4% increase.

The large decrease in benefit costs are attributed to the payoff of the California Public Employees' Retirement System (CalPERS) Unfunded Accrued Liability (UAL) required employer pension contribution, which costs are now reflected in debt service.

Capitalized labor offsets for 2023 are projected to be about \$6.36 million, including \$1.15 million related to multiple staff working on the District's Hansen upgrade throughout 2023. The additional capitalized labor has the effect of decreasing the operating budget by \$0.822 million (14.8%) more than the prior budget.

In addition to increased labor costs, there are a number of drivers for increased materials and supplies costs for 2023–2024. As Table 3 shows, materials and service expenses are proposed to increase by about \$7.12 million, or 21% over the 2022 adopted budget. Major drivers of this increase include ongoing inflation costs and the tank recoating program included within the water (2023) and recycled water (2024) operations budgets for repair services. The increase for tank recoating for 2023 is \$1.6 million due to the size and scope of tanks to be addressed next year.

As discussed recently with the Board, steel tanks must be recoated approximately every 15 years, depending on operating conditions, to maintain coating and prevent degradation of the steel. Unfortunately, as evidenced by recent presentations, even this timing may not be adequate given tank design and operating conditions. Deferred maintenance has significantly increased the costs, often requiring structural repairs where degraded coating has allowed the steel to deteriorate or fail. To address this challenge, staff prepared the recoating schedule provided in Attachment A, which summarizes the installation date, maintenance history, and cost estimate for recoating using the most recently bid project (escalated 3% annually) for each of the District's drinking water steel tanks (29), recycled water tanks (4), and wastewater tanks (4). Unfortunately as described further, the District's financial plan shows rate revenue is not capable of maintaining a 15-year recoating schedule at this time, equivalent to more than two tanks annually. Therefore, Attachment B provides a revised plan that attempts to recoat at least one to one and a half tanks annually on average to help avoid further deterioration of these critical assets until sufficient funding can be allocated on an ongoing basis to provide the proper maintenance schedule.

The costs of chemicals and electricity is projected to increase by about \$0.253 and \$1.412 million, respectively, using historical usage comparisons and average conditions. Actual usage varies annually depending on customer demand (water, recycled water, and wastewater) and wet weather (wastewater), which influences inflow and infiltration into the sewer collection system. Software maintenance is expected to increase by about \$0.869 million and insurance by approximately \$0.228 million, with vehicles increasing about \$0.170 million. Other areas impacted by inflation costs include operating supplies (\$1.15 million increase), consulting and contractual services (\$0.614 and \$0.850 million increase, respectively), and repair and maintenance costs (\$1.55 million increase)—the latter of which includes the costs to recoat Bass Lake Tank #1 (exterior) and Bass Lake Tank #2 (interior and exterior). The interior of Bass Lake Tank #1 was recoated in 2019.

Table 3 identifies the budget by major expense type.

Table 3: 2022 Adopted and Revised Operating Budget Expenses with 2023 and 2024 Proposed Budgets by Expense Type (in millions)

	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Wages	\$ 21.963	\$ 23.043	\$ 24.472	\$ 25.696
Benefits (Table 4)	17.167	16.880	11.718	12.304
Salaries and Benefits	39.130	39.923	36.190	38.000
CIP and Development Reimbursement Labor Offsets	(5.542)	(7.588)	(6.364)	(6.681)
Net personnel expense	33.588	32.335	29.826	31.319
Materials and Services				
-Operating Supplies	4.744	5.311	5.902	6.196
-Chemicals	1.282	1.303	1.534	1.611
-Administration	4.579	5.544	6.716	7.052
-Utilities	5.731	6.124	7.122	7.477
-Professional Services	5.172	4.868	6.654	6.987
-Repair Services	3.586	3.401	1.459	1.532
-Tank recoating ⁽¹⁾	-	-	2.600	2.000
-Insurance	1.061	1.069	1.213	1.274
-Operating Capital Outlay	0.529	1.416	0.609	0.639
-Contingency	0.250	0.000	0.250	0.263
Total Materials and Services	26.934	29.036	34.059	35.031
Total Expenses	\$ 60.522	\$ 61.371	\$ 63.885	\$ 66.350

(1) Tank recoating costs are separated from Repair Services beginning in 2023

Table 4 details the breakdown of employee benefits by type. Overall, the 2023 proposed budget for benefits is 32.0% lower than the 2022 benefits budget, or about \$5.45 million. This decrease is attributable to the payoff of the CalPERS UAL pension contribution by the District. Other factors include an increase to the District-paid portion of employee health insurance premium of \$0.299 million and an increase in retiree health insurance paid by the District of \$0.181 million.

Table 4: 2022 Adopted and Revised Employee Benefits by Type with Proposed 2023 and 2024 Benefits Budgets (in millions)

Type	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Medical	\$ 4.401	\$ 4.200	\$ 4.699	\$ 4.934
Retiree Health	2.000	2.100	2.181	2.290
Dental	0.300	0.310	0.340	0.357
Vision	0.040	0.045	0.045	0.047
EAP ⁽²⁾	0.008	0.008	0.000	0.000
Life	0.064	0.064	0.050	0.053
Workers' Compensation	0.268	0.250	0.260	0.273
FICA	1.649	1.763	1.762	1.850
PERS ⁽¹⁾	8.269	7.969	2.204	2.314
Medical Reimbursement	0.060	0.060	0.060	0.063
Vehicle Allowance	0.036	0.036	0.036	0.038
Other Employee Costs	0.072	0.075	0.081	0.085
Total Benefits	\$ 17.167	\$ 16.880	\$ 11.718	\$ 12.304

(1) Decrease in 2023 due to pay off of Unfunded Actuarial Liability (UAL). Cost is captured in subordinate debt service.

(2) Beginning in 2023, the District's new life insurance carrier will provide EAP services at no additional cost.

Debt Service Coverage

The installment purchase agreements associated with the District’s debt issuances require the District, to the fullest extent permitted by law, to fix, prescribe, and collect rates and charges so that the ratio of revenues to operating expenditures, including debt payments, is at least 1.25. The District may make adjustments from time to time in its rates and charges, but cannot reduce those rates and charges unless the District’s net revenues from reduced rates and charges will at all times be sufficient to meet the debt service coverage ratio of 1.25.

Table 5: Revised Debt Service Coverage Projections for 2022 and Projected Coverages for 2023 and 2024 (in millions)

	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Estimated Revenues	\$ 104.459	\$ 99.802	\$ 103.206	\$ 104.836
Estimated Operating Expenses	(60.036)	(61.370)	(63.885)	(66.350)
Available Net Revenues	44.422	38.431	39.321	38.487
Debt Service ⁽¹⁾	15.008	15.048	15.042	14.965
Debt Service Ratio	2.96	2.55	2.63	2.63
Internal (1.0) Debt Service Ratio ⁽²⁾	2.08	1.77	1.97	1.96

⁽¹⁾Proposed budgets for 2023 and 2024 assume the prepayment on the following year’s maturing debt of \$6 million in each year. The District’s prepayment in 2019 reduced the debt service in 2020 by approximately \$6 million.

⁽²⁾Internal 1.0 test is based upon Available Net Revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues) / (debt service) = 1.00 (District goal = 1.25x)

Beginning with the first Certificate of Participation bond sale in 2003, the District included FCC revenue in meeting its debt coverage requirements. In 2010, however, the Board imposed an internal requirement that the debt service ratio, excluding FCCs, be at least 1.0 with the goal of at least 1.25x. The test is identical to the bond document test of 1.25x, except it excludes FCCs from the calculation. By creating budgets that meet this test, the District is assured it is meeting all of its obligations for a given year, including operating expenses and debt payments, without relying on volatile FCC revenue.

As reflected in Table 5 above, with the cuts staff made to the proposed operating budget and CIP, the District projects it will exceed the internal 1.0 and 1.25 ratio for each year from 2022 through 2024.

Financial Plan

The Board annually adopts an ongoing five-year capital improvement plan (CIP) for the District. Additionally, the District prepares a two-year budget which, in the off years, is adjusted and reapproved to meet changes in the District's financial situation for the upcoming year. In recent years, consistent with AR 3012, the District has linked these two financial documents by annually approving an ongoing five-year financial plan. The five-year financial plan is used to balance the ongoing operational financing needs with the capital needed to fund the ongoing CIP while providing safe and reliable services to our customers.

A long-term financial plan helps the District avoid making volatile rate adjustments, better manage the use of debt financing, structure debt payments, plan for the funding of capital projects and ensure that bondholder obligations will be met.

As set forth in AR 3012, the goals and objectives of the District's financial plan are to:

- Establish necessary operating and maintenance costs, debt expenses and funding available for pay-as-you-go capital projects.
- Generate revenues able to fund those costs, meet bondholder obligations and maintain adequate cash reserves.
- Avoid customer "rate shock" through the use of small, annual rate adjustments.
- Maintain strong credit ratings to obtain better interest rates when debt is issued (currently S&P, AA-; Moody's, Aa3).
- Maintain cash reserves between \$60 million and \$80 million.
- Maintain CIP funding levels to replace high-priority capital assets prior to end of life in order to avoid critical asset failures and provide safe and reliable services to our customers.
- Fund large monetary, long-lived assets via debt while using excess operational cash for smaller, pay-as-you-go projects.
- Maintain a 1.7x to 2.0x debt service coverage ratio with facility capacity charge (FCC) revenue included.
- Maintain at least a 1.25x debt coverage ratio when FCC revenue is excluded, with a minimum acceptable ratio of 1.0x.

5-Year Financial Plan Review

The 2023–2027 Financial Plan has been updated to reflect some revenue assumption changes for 2023–2027 discussed earlier, and the results of the 2020A, 2020B, 2020C, 2020D, and 2022A bond transactions. Projections for CIP expenditures originally reflected the proposed spending presented during the October 12, 2022 CIP workshop. However, staff faced a number of challenges in preparing the financial plan with the above described assumptions, which resulted in a projection of low debt service coverage and low cash reserves beginning in 2025. Based on these assumptions and the adopted rate increases, forecasted rate revenue is not high enough to fund the CIP and maintain adequate cash reserves compounded further with lower projections of FCC revenue. In an effort to collectively combat this issue, staff made cuts and deferrals to the operating budget, and reduced planned CIP expenditures by \$23 million over the five years. Additionally, the planned \$100 million bond issuance was separated into two separate bond sales based on the schedules of the projects to be included and to reduce debt payments between 2024 and 2026. Even with these efforts, and in light of the ongoing economic conditions, the proposed plan shows the need for rate increases greater than those previously identified in the existing Cost of Service Study for 2021–2025. That study forecasted an increase of 5% for water/recycled water and 0-3% for wastewater, respectively. However, based on the proposed financial plan, an 8% rate increase for water/recycled water, and a 5% increase for wastewater in 2024, 2025 and 2026, followed by a 5% increase for water/recycled water and 3% increase for wastewater in 2027 will be needed.

Article XIII D of the California Constitution, otherwise known as Proposition 218, establishes both procedural and substantive requirements to which the District must adhere when considering whether to increase its water, wastewater, and recycled water rates. (Cal. Const., art. XIII D, §6). In order to comply with these requirements, the District is planning to conduct another cost of service study during 2023. Assuming that cost of service study recommends rate increases beyond those already approved, the District will hold public workshops and a public rate hearing prior to adoption of any future rate increases.

The 2023–2027 financial plan reflects assumptions for FCC revenues remaining consistent for 2023 and 2024 and decreasing in 2025 through 2027. Surcharge revenues are forecasted to remain steady until the final surcharge sunsets in 2028.

The financial plan has also been adjusted to reflect an increase in the overall cost of operations. Within the proposed five-year plan the 2023 budget reflects an increase of 6% in expenses over 2022, a 5% increase in 2024, a 3% increase in 2025, and then in 2026 and 2027 lowering to 2%.

Debt Service

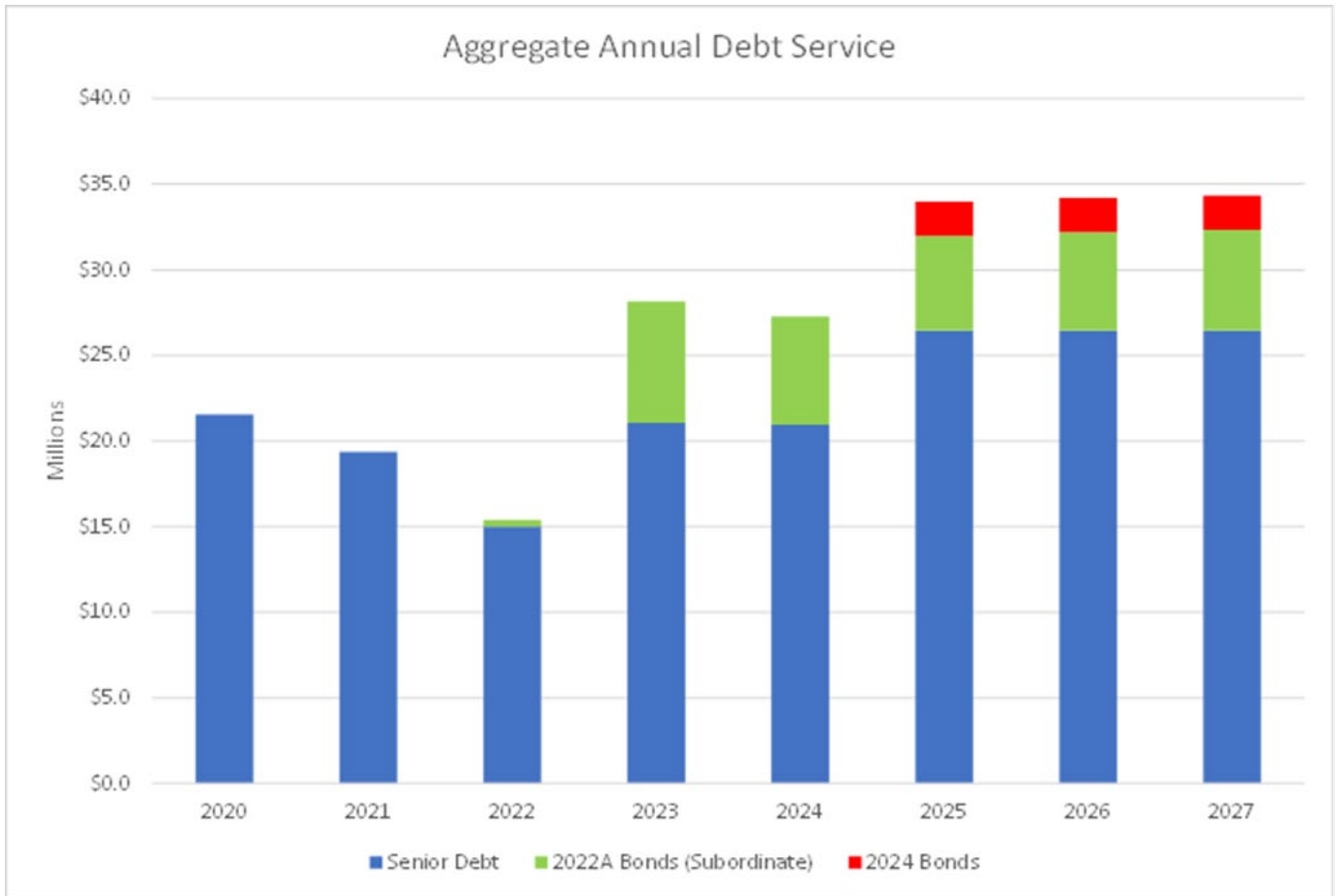
The graph below shows the existing outstanding debt from 2018 projected through 2025 (in millions).



The graph below reflects the proposed outstanding debt for the District (in millions) following a proposed \$50 million debt financing in 2024 followed by a \$60 million water bond sale in 2027, as reflected in this five-year financial plan. Similar to the 2020A bond sale, the 2024 and 2027 bond sales would provide capital when needed to fund major future, long-lived CIP assets such as the Sly Park Intertie replacement, continuation of the flume replacements, water treatment plant improvements, and replacement of Silver Lake Dam, among other significant capital investments previously discussed with the Board.



The graph below reflects the annual debt service from 2018 projected through 2025.



Financial Plan Update

The District’s proposed 2023–2027 five-year financial plan is provided below with separate water and wastewater plans following.

Table 6 illustrates the five-year financial plan with currently adopted water, recycled, and wastewater rates through 2025, and assumed continuation of those rate increases through 2027. The plan also already includes previously described reductions in operating expenses and planned CIP expenditures. Note that 2025 debt service coverages, while meeting the minimum requirements, are lower than desired. Also, end of year cash balances are very low in 2026 and negative in 2027.

Table 6: 2023–2027 Five-Year Financial Plan with Existing Cost of Service Study Rates Extended Beyond 2025

Water rate increase	5.0%	5.0%	5.0%	5.0%	5.0%
Wastewater rate increase	1.0%	1.0%	3.0%	3.0%	3.0%
Recycled water rate increase	5.0%	5.0%	5.0%	5.0%	5.0%
Total District	Proposed	Projected	Projected	Projected	Projected
	2023	2024	2025	2026	2027
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	103.2	103.5	103.8	107.7	110.3
Total Maintenance and Operation Costs	63.7	66.1	72.5	68.7	73.0
Net Revenues	39.5	37.4	31.3	39.0	37.3
Senior Debt Service	15.0	15.0	22.4	22.4	22.4
Pension Debt Service	7.1	6.3	5.5	5.7	5.9
Total Debt Service	22.1	21.3	27.9	28.1	28.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	17.4	66.1	3.4	10.9	69.0
Cash Balance - January 1	79.3	59.9	75.5	32.6	7.1
Total Cash Available for Capital Projects or Debt Pre-payment	96.7	126.0	78.9	43.5	76.1
Total CIP	(37.8)	(44.5)	(40.3)	(30.4)	(76.1)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	59.9	75.5	32.6	7.1	(6.0)
Senior Debt Service Coverage (1.25x test)	2.63	2.49	1.40	1.74	1.67
Subordinate Debt Service Coverage (1.0x test)	3.45	3.56	1.62	2.91	2.53
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	10.0	10.0	6.5	6.5	5.0
\$\$\$ of FCCs Removed from Calculation	10.0	10.0	6.5	6.5	5.0
Internal Senior Debt Coverage (1.0x test)	1.97	1.83	1.11	1.45	1.44

Table 7 illustrates the proposed five-year financial plan with projected increases to water, recycled, and wastewater rates after undertaking a cost of service study and complying with the requirements of Proposition 218. The proposed 2023–2027 five-year plan includes previously approved 5% rate increases for water/recycled water in 2023, followed by new 8% increases in 2024, 2025, and 2026, and a 5% increase in 2027. The proposed plan also shows previously approved 1% rate increases for wastewater in 2023, followed by new 5% increases in 2024, 2025, 2026, and a 3% increase in 2027. Note this improves 2025 debt service coverage to stated goals and increases 2026 and 2027 end of year cash balance.

Table 7: 2023–2027 Five-Year Financial Plan with Proposed Rate Increases

Proposed water rate increase	5.0%	8.0%	8.0%	8.0%	5.0%
Proposed wastewater rate increase	1.0%	5.0%	5.0%	5.0%	3.0%
Proposed recycled water rate increase	5.0%	8.0%	8.0%	8.0%	5.0%
Total District	Proposed	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	103.2	105.7	108.0	114.1	117.1
Total Maintenance and Operation Costs	63.9	66.3	69.6	73.7	71.9
Net Revenues	39.3	39.4	38.4	40.4	45.2
Senior Debt Service	15.0	15.0	22.4	22.4	22.4
Pension Debt Service	7.1	6.3	5.5	5.7	5.9
Total Debt Service	22.1	21.3	27.9	28.1	28.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	17.2	68.1	10.5	12.3	76.9
Cash Balance - January 1	79.3	59.7	77.3	41.5	17.4
Total Cash Available for Capital Projects or Debt Pre-payment	96.5	127.8	87.8	53.8	94.3
Total CIP	(37.8)	(44.5)	(40.3)	(30.4)	(76.1)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	59.7	77.3	41.5	17.4	12.2
Senior Debt Service Coverage (1.25x test)	2.62	2.63	1.71	1.80	2.02
Subordinate Debt Service Coverage (1.0x test)	3.42	3.87	2.91	3.16	3.86
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	10.0	10.0	6.5	6.5	5.0
\$\$\$ of FCCs Removed from Calculation	10.0	10.0	6.5	6.5	5.0
Internal Senior Debt Coverage (1.0x test)	1.95	1.96	1.42	1.51	1.79

Tables 8 and 9 provide the proposed 2023–2027 five-year financial plan for water and wastewater separately, with the proposed rate increases.

Table 8: 2023–2027 Five-Year Financial Plan with Proposed Rate Increases – Water Only

	5.0%	8.0%	8.0%	8.0%	5.0%
Water Utility Only	Proposed <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	69.8	70.6	72.6	76.9	79.2
Total Maintenance and Operation Costs	41.9	41.3	43.3	49.0	46.7
Net Revenues	27.9	29.4	29.3	27.9	32.5
Senior Debt Service	11.5	11.4	19.0	19.3	19.0
Pension Debt Service	4.7	4.2	3.7	3.8	3.9
Total Debt Service	16.2	15.6	22.7	23.1	23.0
CIP Expenditures	-	-	-	-	-
CIP - IT Master Plan	-	-	-	-	-
Cash Available from Current Year Activities for Capital Projects or Other Improvements	11.7	63.7	6.6	4.9	69.5
Cash Balance - January 1	39.6	32.4	57.7	27.5	4.9
Total Cash Available for Capital Projects or Debt Pre-payment	51.3	96.1	64.3	32.4	74.4
Total CIP	(22.7)	(35.3)	(33.6)	(24.3)	(70.2)
Debt Reserve Paydown on New Debt					
Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	32.4	57.7	27.5	4.9	1.1
Senior Debt Service Coverage (1.25x test)	2.42	2.57	1.54	1.45	1.71
Subordinate Debt Service Coverage (1.0x test)	3.47	4.28	2.79	2.27	3.44
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	5.90	5.90	3.84	3.84	2.95
\$\$\$ of FCCs Removed from Calculation	5.90	5.90	3.84	3.84	2.95
Internal Senior Debt Coverage (1.0x test)	1.91	2.05	1.34	1.25	1.55

Table 9: 2023–2027 Five-Year Financial Plan with Proposed Rate Increases – Wastewater Only

Wastewater	1.0%	5.0%	5.0%	5.0%	3.0%
Recycled water	5.0%	8.0%	8.0%	8.0%	5.0%
Wastewater Utility Only	Proposed	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Total Debt Proceeds	-	-	-	-	-
Total Revenues	33.4	35.1	35.4	37.2	37.9
Total Maintenance and Operation Costs	22.0	25.1	26.2	24.7	25.2
Net Revenues	11.4	10.0	9.1	12.5	12.7
Senior Debt Service	3.5	3.5	3.4	3.2	3.4
Pension Debt Service	2.4	2.1	1.9	1.9	2.0
Total Debt Service	5.9	5.6	5.3	5.1	5.4
Cash Available from Current Year Activities for Capital Projects or Other Improvements	5.5	4.4	3.9	7.4	7.3
Cash Balance - January 1	39.7	27.3	19.6	14.0	12.5
Total Cash Available for Capital Projects or Debt Pre-payment	45.2	31.7	23.5	21.4	19.8
Total CIP	(15.1)	(9.2)	(6.6)	(6.1)	(5.8)
Debt Reserve Paydown on New Debt Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts-Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	27.3	19.6	14.0	12.5	11.1
Senior Debt Service Coverage (1.25x test)	3.25	2.84	2.66	3.93	3.73
Subordinate Debt Service Coverage (1.0x test)	3.32	3.07	3.07	4.83	4.70
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	4.10	4.10	2.67	2.67	2.05
\$\$\$ of FCCs Removed from Calculation	4.10	4.10	2.67	2.67	2.05
Internal Senior Debt Coverage (1.0x test)	2.08	1.68	1.89	3.09	3.13

Table 10 provides the proposed 2023–2027 five-year financial plan for the total district, with the proposed rate increases.

Table 10: 2023–2027 Five-Year Financial Plan with Proposed Rate Increases – Total District

	W	5.0%	8.0%	8.0%	8.0%	5.0%
	WW	1.0%	5.0%	5.0%	5.0%	3.0%
	RW	5.0%	8.0%	8.0%	8.0%	5.0%
Total District		Projected	Projected	Projected	Projected	Projected
		2023	2024	2025	2026	2027
Breakdown of End of Year Cash Balance						
Unrestricted/Unreserved	\$	(22.8)	\$ (34.5)	\$ (47.2)	\$ (57.5)	\$ (63.6)
Reserved						
Operating		16.0	16.6	17.4	18.4	18.0
Capital Replacement Reserves		20.9	21.4	22.0	22.5	23.1
Routine Capital Replacement Reserves		3.0	3.0	3.1	3.2	3.3
Self Insurance Reserves		1.0	1.0	1.0	1.0	1.0
		<u>40.9</u>	<u>42.1</u>	<u>43.5</u>	<u>45.1</u>	<u>45.3</u>
Total unrestricted and reserved cash		<u>18.1</u>	<u>7.5</u>	<u>-3.7</u>	<u>-12.3</u>	<u>-18.2</u>
Restricted-Debt Reserves		0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)		44.7	41.8	36.1	31.3	28.1
Restricted-CIP from Bonds		-3.1	28.0	9.1	-1.5	2.3
		<u>41.6</u>	<u>69.8</u>	<u>45.2</u>	<u>29.7</u>	<u>30.4</u>
Total	\$	<u>59.7</u>	\$ <u>77.3</u>	\$ <u>41.5</u>	\$ <u>17.4</u>	\$ <u>12.2</u>
days cash		103.39	41.39	(19.42)	(61.05)	(92.57)
Water Utility		Projected	Projected	Projected	Projected	Projected
		2023	2024	2025	2026	2027
Breakdown of End of Year Cash Balance						
Unrestricted/Unreserved	\$	(1.8)	\$ (7.2)	\$ (15.6)	\$ (26.3)	\$ (29.6)
Reserved						
Operating		10.5	10.3	10.8	12.2	11.7
Capital Replacement Reserves		12.5	12.9	13.2	13.5	13.8
Routine Capital Replacement Reserves		1.8	1.8	1.9	1.9	2.0
Self Insurance Reserves		0.6	0.6	0.6	0.6	0.6
		<u>25.4</u>	<u>25.6</u>	<u>26.5</u>	<u>28.3</u>	<u>28.1</u>
Total unrestricted and reserved cash		<u>23.6</u>	<u>18.4</u>	<u>10.9</u>	<u>2.0</u>	<u>(1.5)</u>
Restricted-Debt Reserves		0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)		11.8	11.3	7.5	4.5	0.3
Restricted-CIP from Bonds		-3.1	28.0	9.1	-1.5	2.3
		<u>8.8</u>	<u>39.3</u>	<u>16.6</u>	<u>2.9</u>	<u>2.6</u>
Total	\$	<u>32.4</u>	\$ <u>57.7</u>	\$ <u>27.5</u>	\$ <u>4.9</u>	\$ <u>1.1</u>
days cash		205.87	163.16	91.81	14.71	(12.09)
Wastewater Utility		Projected	Projected	Projected	Projected	Projected
		2023	2024	2025	2026	2027
Breakdown of End of Year Cash Balance						
Unrestricted/Unreserved	\$	(21.0)	\$ (27.4)	\$ (31.6)	\$ (31.2)	\$ (33.9)
Reserved						
Operating		5.5	6.3	6.6	6.2	6.3
Capital Replacement Reserves		8.4	8.6	8.8	9.0	9.2
Routine Capital Replacement Reserves		1.2	1.2	1.2	1.3	1.3
Self Insurance Reserves		0.4	0.4	0.4	0.4	0.4
		<u>15.5</u>	<u>16.5</u>	<u>17.0</u>	<u>16.9</u>	<u>17.3</u>
Total unrestricted and reserved cash		<u>-5.5</u>	<u>-10.9</u>	<u>-14.6</u>	<u>-14.3</u>	<u>-16.7</u>
Restricted-Debt Reserves		0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)		32.9	30.6	28.6	26.8	27.8
Restricted-CIP from Bonds		0.0	0.0	0.0	0.0	0.0
		<u>32.9</u>	<u>30.6</u>	<u>28.6</u>	<u>26.8</u>	<u>27.8</u>
Total	\$	<u>27.3</u>	\$ <u>19.6</u>	\$ <u>14.0</u>	\$ <u>12.5</u>	\$ <u>11.1</u>
days cash		(91.76)	(158.91)	(203.03)	(211.08)	(241.48)

Conclusion

The 2023–2024 operating budget process presented a number of challenging financial considerations and analyses because of continued cost increases for labor and materials and supplies, and increased contractual services related to tank recoating needs, the continuing need to fund the CIP, and lower projections of FCC revenue. Like all of EID’s budgets, staff approached the process with two overriding priorities: maintaining a reliable level of service to customers that protects public health and safety and the environment while demonstrating fiscal responsibility. Staff believes both of these objectives are met under the proposed 2023–2024 operating budget. However, the financial plan highlights areas of concern, and staff believes additional rate adjustments are needed in order to maintain sufficient net revenue to meet future debt service requirements and maintain adequate cash reserves to fund the CIP.

As previously shared with the Board, according to the most recent American Water Works Association (AWWA) benchmark statistics, the District consistently performs in the bottom quartile of comparison agencies with respect to interruption of services (leaks and breaks), specifically in the water utility. Additionally, the costs of deferred tank maintenance are growing with each project and must be addressed through a strategic, ongoing effort. Sustained investment is necessary to increase performance levels and avoid additional significant interruptions created by failure of arterial infrastructure.

The adopted rate increase for 2023 will be needed to continue funding ongoing safe, reliable operations of the water and wastewater systems and fund necessary infrastructure replacement and maintain and/or improve service levels. The proposed 2023 budget limits rate increases to those previously adopted in the 2020 Cost of Service rate study. The 2023–2027 financial plan highlights areas of concern that, without additional rate increases, do not comply with our financial plan goals of generating revenues able to fund operations and capital replacement costs, meet bondholder obligations and maintain adequate cash reserves. Maintaining a high credit rating is vital to the District’s credit worthiness and ability to issue debt at the best interest rates (i.e. lowest cost). For the reasons stated above, the District will need to conduct an updated Cost of Service study during 2023 to ensure adequate funds are available to maintain infrastructure and debt coverage in the future beginning in 2024.

BOARD OPTIONS

Option 1: Adopt the 2023–2024 Operating Budget and 2023–2027 Financial Plan, subject to Board approved Cost of Service Study in 2023.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

RECOMMENDATION

Option 1

ATTACHMENTS

Attachment A: Original Plan for Tank Recoating

Attachment B: Revised Plan for Tank Recoating

Appendix 1: Total District Summary of Materials and Services by Account

Appendix 2: Office of the General Manager Materials and Services by Account

Appendix 3: Communications Materials and Services by Account

Appendix 4: Finance Materials and Services by Account

Appendix 5: Human Resources Materials and Services by Account

Appendix 6: Information Technology Materials and Services by Account

Appendix 7: Engineering Materials and Services by Account

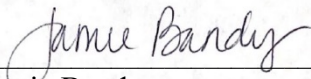
Appendix 8: Water Operations Materials and Services by Account

Appendix 9: Wastewater Operations Materials and Services by Account

Appendix 10: Recycled Water Operations Materials and Services by Account

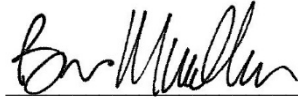
Appendix 11: Hydroelectric Operations Materials and Services by Account

Appendix 12: Recreation Materials and Services by Account



Jamie Bandy
Finance Director



_____ for
Daniel Corcoran
Operations Director



Brian Mueller
Engineering Director




Jesse Saich
Communications and Media Relations Manager



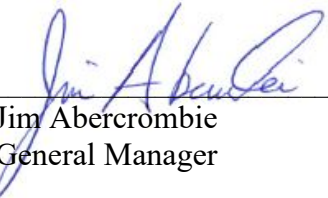
Jose C. Perez
Human Resources Director



Tim Ranstrom
Information Technology Director



Brian Poulsen
General Counsel



Jim Abercrombie
General Manager

Attachment A

Original Plan For Tank Recoating													
YEAR	Drinking Water				Recycled Water				Waste Water				TOTAL OPERATIONS COST
	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	
2023	Bass Lake Tank #1 Exterior and Bass Lake Tank #2 Interior & Exterior	2005	N/A	\$ 2,610,420									\$ 2,610,420
2024	Res 7A Interior & Exterior and Res 7B Exterior	2004	Res 7A N/A & Res 7B 2015	\$ 4,582,558	Bridlewood Tank	2002	N/A	\$ 3,977,314					\$ 8,559,872
2025	Oakridge Tank #1 & Rancho Del Sol Tank	Oakridge 1987 & Rancho Del Sol 2010	N/A	\$ 2,938,889	Valley View 940 Tank	2009	N/A	\$ 1,781,145					\$ 4,720,034
2026	Oakridge Tank #2 & Promontory Tank	Oakridge 2006 & Promontory 2010	N/A	\$ 7,613,504	Village C Tank	2001	N/A	\$ 2,018,037					\$ 9,631,542
2027	Sly Park Hills Tank & Salmon Falls Tank	Sly Park Hills 1997 & Salmon Falls 1992	Sly Park Hills N/A & Salmon Falls 2012	\$ 2,598,223					El Dorado Hills EQ #2	2008	N/A	\$ 1,889,617	\$ 4,487,840
2028	Valley View 835 Tank & Reservoir 9 Tank	Valley View 835 1997 & Reservoir 9 2001	Valley View 835 N/A & Reservoir 9 2014	\$ 3,892,610	Valley View 800 Tank	2009	N/A	\$ 1,946,305					\$ 5,838,916
2029	Reservoir 5 Tank	2000	N/A	\$ 1,002,347					El Dorado Hills EQ #1	2008	N/A	\$ 2,004,694	\$ 3,007,042
2030	Reservoir 4 Tank	2000	N/A	\$ 516,209					Deer Creek EQ #2	2006	N/A	\$ 2,684,286	\$ 3,200,495
2031	Valley View 960 Tank	2008	N/A	\$ 882,614					Deer Creek EQ #1	2006	N/A	\$ 2,126,780	\$ 3,009,394
2032	Reservoir 3 Tank	1999	2018	\$ 1,642,938									\$ 1,642,938
2033	Reservoir 7B Tank Internal	2004	2015	\$ 2,256,301									\$ 2,256,301
2034	Reservoir 2A Tank	2003	2022	\$ 6,390,973									\$ 6,390,973
2035	Reservoir 2 Tank	2004	2022	\$ 6,582,702									\$ 6,582,702
2036	Bass Lake Tank #1	2005	Internal 2019 & External 2024	\$ 5,054,319									\$ 5,054,319
2037	Bass Lake Tank #2	2005	2024	\$ 5,205,948									\$ 5,205,948
2038	Oakridge Tank #1 & Oakridge Tank #2	#1 1987 & #2 2006	#1 2025 & #2 2026	\$ 10,462,686									\$ 10,462,685.98
2039	Reservoir 7A Tank	2004	7A 2024	\$ 5,253,576	Bridlewood Tank	2002	2024	\$ 5,388,283					\$ 10,641,859.48
Total Cost For 2023 - 2039													\$ 93,303,280

Attachment B

Revised Plan For Tank Recoating													
YEAR	Drinking Water				Recycled Water				Waste Water				TOTAL OPERATIONS COST
	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	Tank	Year Constructed	Year of Last Re-Coat	Estimated Re-Coat Cost	
2023	Bass Lake Tank #1 Exterior and Bass Lake Tank #2 Interior & Exterior	2005	N/A	\$ 2,610,420									\$ 2,610,420
2024					Bridlewood Tank	2002	N/A	\$ 4,096,634					\$ 4,096,634
2025													
2026	Res 7A Interior & Exterior and Res 7B Exterior	2004	Res 7A N/A & Res 7B 2015	\$ 4,861,635									\$ 4,861,635
2027	Oakridge Tank #1 & Rancho Del Sol Tank	Oakridge 1987 & Rancho Del Sol 2010	N/A	\$ 3,117,868									\$ 3,117,868
2028	Oakridge Tank #2	2006	N/A	\$ 4,865,763									\$ 4,865,763
2029	Sly Park Hills Tank & Salmon Falls Tank	Sly Park Hills 1997 & Salmon Falls 1992	Sly Park Hills N/A & Salmon Falls 2012	\$ 2,756,455	Valley View 940 Tank	2009	N/A	\$ 2,004,694					\$ 4,761,149
2030	Promontory Tank	2010	N/A	\$ 3,406,978	Village C Tank	2001	N/A	\$ 2,271,319					\$ 5,678,297
2031	Valley View 835 Tank	1997	N/A	\$ 2,126,780					El Dorado Hills EQ #2	2008	N/A	\$ 2,126,780	\$ 4,253,561
2032	Reservoir 9 Tank	2001	2014	\$ 2,190,584	Valley View 800 Tank	2009	N/A	\$ 2,190,584					\$ 4,381,167
2033	Reservoir 5 Tank And Reservoir 4 Tank	Reservoir 5 2000 & Reservoir 4 2000	N/A	\$ 1,692,226					El Dorado Hills EQ #1	2008	N/A	\$ 2,256,301	\$ 3,948,527
2034	Valley View 960 Tank	2008	N/A	\$ 964,456					Deer Creek EQ #2	2006	N/A	\$ 3,021,187	\$ 3,985,643
2035	Reservoir 3 Tank	1999	2018	\$ 1,795,282					Deer Creek EQ #1	2006	N/A	\$ 2,393,710	\$ 4,188,992
2036	Reservoir 7B Tank Internal	2004	2015	\$ 2,465,521									\$ 2,465,521
2037	Reservoir 2A Tank	2003	2022	\$ 6,983,589									\$ 6,983,589
2038	Reservoir 2 Tank	2004	2022	\$ 7,193,097									\$ 7,193,097
2039	Bass Lake Tank #1	2005	Internal 2019 & External 2024	\$ 5,522,990									\$ 5,522,990
2040	Bass Lake Tank #2	2005	2024	\$ 5,688,680									\$ 5,688,680
2041	Oakridge Tank #1 & Oakridge Tank #2	#1 1987 & #2 2006	#1 2025 & #2 2026	\$ 11,432,859									\$ 11,432,859.47
2042	Reservoir 7A Tank	2004	7A 2024	\$ 5,740,725	Bridlewood Tank	2002	2024	\$ 5,887,923					\$ 11,628,647.18
Total Cost For 2023 - 2042													\$ 101,665,040

2023 OPERATING BUDGET

TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT

		2021	2022 Adopted	2022 Year End	2023 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	65,841.33	71,641.93	65,371.54	67,803.84
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	46,280.10	30,977.16	9,312.70	19,029.91
52107	COMPUTER HW/SW (LESS THAN \$5,000)	148,993.39	104,231.66	143,564.84	48,314.77
52110	OPERATING SUPPLIES	645,501.40	701,828.76	789,998.75	854,779.30
52115	TELECOM SUPPLIES	23,442.80	41,094.88	30,544.63	39,277.20
52120	FUEL, OIL AND LUBRICATION	704,357.08	729,302.20	959,950.95	1,008,702.43
52122	PROPANE	50,114.80	60,953.13	82,707.93	82,549.88
52125	REPAIR AND MAINTENANCE SUPPLIES	1,519,232.96	1,695,379.96	1,946,622.77	1,973,403.29
52130	CLOTHING/UNIFORMS	52,759.76	71,452.64	46,508.09	68,851.46
52135	SAFETY SUPPLIES	156,325.32	155,322.43	176,696.09	191,919.71
52140	METER REPAIR SUPPLIES	235,194.22	250,000.00	250,000.00	265,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	305,456.44	333,977.54	309,856.95	368,694.77
52150	SMALL TOOLS	156,447.21	177,193.89	214,379.95	196,915.63
52155	TIRES	88,301.12	125,000.00	86,510.61	125,109.77
52160	RESALE SUPPLIES	5,950.00	20,000.00	0.00	20,000.00
52165	SECURITY SUPPLIES	35,706.76	40,894.56	28,407.77	28,967.14
52170	FREIGHT CHARGES	59,428.61	58,519.68	87,652.11	64,821.95
52185	COMPLIANCE REQUIREMENTS	32,031.66	75,500.00	82,786.16	476,133.64
52199	MISCELLANEOUS	25.00	894.70	0.00	1,250.00
	SUBTOTAL - OPERATING SUPPLIES	4,331,389.96	4,744,165.11	5,310,871.81	5,901,524.68
52210	CHEMICALS	1,127,355.22	1,280,805.16	1,303,333.13	1,534,000.00
	SUBTOTAL - CHEMICALS	1,127,355.22	1,280,805.16	1,303,333.13	1,534,000.00
52305	TELEPHONE	448,881.49	446,100.03	449,506.52	431,449.57
52310	POSTAGE	102,945.89	130,223.05	114,415.71	121,775.00
52315	ADVERTISING	20,425.49	28,842.41	29,655.54	32,742.91
52320	MEETINGS	2,907.80	14,200.00	10,616.41	17,132.34
52325	TRAVEL	8,950.22	69,295.80	34,935.14	71,511.16
52330	TRAINING	155,193.19	282,718.64	192,282.88	261,620.00
52335	DUES AND SUBSCRIPTIONS	386,680.01	384,704.93	552,470.76	419,321.93
52340	BOOKS AND PUBLICATIONS	8,119.36	11,625.95	2,068.71	7,200.00
52345	PRINTING, BINDING AND COPYING	69,212.23	94,029.20	86,148.55	100,167.79
52350	INTERNET SERVICES	42,102.23	57,655.48	17,403.38	47,903.38
52355	PUBLIC RELATIONS EVENTS	831.36	3,500.00	0.00	5,500.00
52357	RECRUITMENT	20,784.51	25,000.00	49,900.02	40,000.00
52360	ALARM SERVICES	20,891.63	25,000.00	3,688.16	20,181.86
52365	SOFTWARE LICENSES	261,573.09	181,606.70	223,713.95	176,719.66
52370	SOFTWARE MAINTENANCE	1,264,197.59	1,090,600.19	1,808,653.27	1,959,993.18
52375	RECORD REPRODUCTION/MICROFILMING	0.00	0.00	2,962.50	3,000.00
52385	ENCROACHMENT PERMITS	467.00	616.07	0.00	0.00
52390	MISCELLANEOUS PERMITS	99,237.57	98,941.22	47,904.18	101,700.96
52391	WATER CONTROL BOARD FEES	22,436.48	10,064.39	0.00	12,000.00
52395	OFFICE, STORAGE AND LAND RENTS	6,500.00	52,500.00	73,595.25	44,500.00
52400	BANK SERVICE CHARGES	41,024.61	25,700.00	39,350.00	43,750.00
52405	CREDIT CARD DISCOUNT CHARGES	712,032.76	430,818.75	773,000.00	810,000.00
52415	WATER PURCHASES-USBR	698,538.88	863,963.50	761,686.27	732,062.61
52418	POTABLE WATER SUPPLEMENTATION	0.00	0.00	0.00	1,000,000.00
52420	PROPERTY TAXES	124,310.68	125,000.00	159,369.63	130,000.00
52431	SMART IRRIGATION PENBATE	32,850.21	40,000.00	40,000.00	40,000.00
52435	MISCELLANEOUS PENALTIES	1,512.72	471.00	457.14	500.00
52440	EMPLOYEE RELATIONS	621.80	1,110.36	0.00	1,200.00
52499	MISCELLANEOUS ADMIN EXP.	71,638.54	84,938.16	70,612.51	83,512.51
	SUBTOTAL - ADMINISTRATION	4,624,867.34	4,579,225.82	5,544,396.47	6,715,444.85
52505	WATER	43,616.66	39,200.00	49,253.61	43,000.00
52510	SEWER	14,266.55	12,625.25	16,210.27	15,000.00
52515	NATURAL GAS	10,761.75	12,271.09	9,528.54	12,434.09
52520	ELECTRICITY	5,536,045.30	5,502,200.38	5,918,188.77	6,914,070.69
52525	GARBAGE	125,278.21	160,813.40	126,373.63	131,942.36
52530	OTHER UTILITY CHARGES	3,880.25	4,019.30	4,169.18	5,669.18
	SUBTOTAL - UTILITIES	5,733,848.72	5,731,129.42	6,123,723.98	7,122,116.32
52605	LEGAL FEES	37,024.57	140,000.00	32,736.70	98,000.00
52610	OTHER LEGAL EXPENSE	0.00	100.00	0.00	100.00
52620	ENGINEERING SERVICES	14,098.00	4,000.00	265,421.43	75,000.00
52625	AUDIT AND ACCOUNTING SERVICES	56,540.00	45,000.00	41,500.00	41,500.00
52630	LAUNDRY SERVICE	29,411.85	38,192.16	24,537.20	30,896.05
52635	CONSULTING SERVICES	693,670.96	873,843.39	1,082,802.77	1,487,850.00
52640	OTHER CONTRACTUAL SERVICES	2,262,000.19	1,841,908.95	1,464,508.65	2,692,229.50
52641	BLM-GABBRO PAYMENTS	25,000.00	25,000.00	25,000.00	25,000.00
52645	TEMPORARY LABOR SERVICES	346,303.56	563,955.00	440,507.82	473,253.57
52652	COMPLIANCE REQUIREMENTS SERVICES	487,619.86	668,427.71	663,953.29	661,482.14
52655	GRIT HAULING/DISPOSAL	52,414.05	52,999.38	50,379.55	55,999.82
52660	SLUDGE HAULING/DISPOSAL	486,660.20	549,387.09	498,848.91	615,626.04
52670	ASBESTOS PIPE DISPOSAL	2,487.32	5,441.64	8,089.29	4,500.00
52675	OUTSIDE LAB SERVICES	264,916.45	364,089.19	269,313.63	392,835.00
	SUBTOTAL - PROFESSIONAL SERVICES	4,758,147.01	5,172,344.50	4,867,599.22	6,654,272.12
52705	EQUIPMENT RENT	174,609.78	98,879.29	204,621.57	180,015.54
52710	CONTRACTED REPAIRS AND MAINTENANCE	2,373,504.40	3,487,197.84	3,196,159.93	3,878,500.00
52715	BACKFLOW REPAIR SERVICES	0.00	200.00	0.00	200.00
	SUBTOTAL - REPAIR SERVICES	2,548,114.18	3,586,277.13	3,400,781.50	4,058,715.54
52805	INSURANCE PREMIUMS	825,266.06	960,737.00	1,059,397.95	1,188,592.72
52810	DAMAGE CLAIMS - 3RD PARTY	27,314.37	100,000.00	10,220.66	25,000.00
	SUBTOTAL - INSURANCE	852,580.43	1,060,737.00	1,069,618.61	1,213,592.72
55010	LAND & EASEMENTS	11,236.00	31,250.00	6,250.00	7,500.00

2023 OPERATING BUDGET

TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT (continued)

		2021	2022 Adopted	2022 Year End	2023 Proposed
		Actuals	Budget	Projections	Budget
55100	OFFICE FURNITURE AND EQUIPMENT	0.00	6,000.00	0.00	6,000.00
55030	BUILDINGS AND IMPROVEMENTS	5,524.00	40,000.00	0.00	0.00
55080	VEHICLES	28,433.86	0.00	768,675.52	170,000.00
55090	TOOLS AND EQUIPMENT	153,327.22	446,975.50	582,946.64	405,246.54
55110	COMPUTER HARDWARE	0.00	5,000.00	30,215.86	5,000.00
55130	PLANT EQUIPMENT	19,572.19	0.00	27,663.29	15,000.00
	SUBTOTAL - CAPITAL OUTLAY	218,093.27	529,225.50	1,415,751.30	608,746.54
58110	CONTINGENCY	0.00	250,000.00	0.00	250,000.00
	SUBTOTAL - CONTINGENCY	0.00	250,000.00	0.00	250,000.00
	TOTAL	24,194,396.13	26,933,909.64	29,036,076.02	34,058,412.76

**2023 OPERATING BUDGET
OGM - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	2,282.97	4,354.04	1,475.09	4,000.00
52106	1,402.96	4,000.00	0.00	3,500.00
52107	2,523.48	8,000.00	823.50	5,500.00
52115	0.00	0.00	0.00	750.00
52130	1,302.67	0.00	34.79	2,250.00
52170	400.51	255.11	140.09	250.00
	7,912.59	16,609.14	2,473.46	16,250.00
52305	10,839.55	12,237.96	10,966.25	11,962.55
52310	0.00	500.00	0.00	250.00
52315	112.38	500.00	249.16	499.16
52320	1,944.75	12,000.00	8,312.95	13,500.00
52325	1,996.95	19,000.00	3,063.45	15,000.00
52330	5,204.23	25,000.00	2,852.55	17,000.00
52335	23,700.73	26,801.95	25,554.02	25,902.23
52340	3,781.28	3,243.18	475.41	2,500.00
52345	28.00	1,050.00	0.00	750.00
52350	395.60	5,024.88	507.11	4,007.11
52355	0.00	1,000.00	0.00	1,000.00
52365	0.00	1,500.00	0.00	1,500.00
52370	3,487.40	6,048.93	10,801.07	10,801.07
	51,490.87	113,906.89	62,781.96	104,672.13
52605	27,474.07	115,000.00	29,601.88	75,000.00
52635	149,800.00	206,071.43	331,004.70	250,000.00
52640	6,725.53	104,201.36	13,003.86	172,693.13
52645	0.00	75,000.00	0.00	10,000.00
	183,999.60	500,272.79	373,610.43	507,693.13
	0.00	0.00	0.00	0.00
52805	597,638.86	712,282.00	777,247.79	850,000.00
52810	27,314.37	100,000.00	10,220.66	25,000.00
	624,953.23	812,282.00	787,468.45	875,000.00
55110	0.00	5,000.00	0.00	5,000.00
	0.00	5,000.00	0.00	5,000.00
58110	0.00	250,000.00	0.00	250,000.00
	0.00	250,000.00	0.00	250,000.00
TOTAL	868,356.29	1,698,070.82	1,226,334.31	1,758,615.25

**2023 OPERATING BUDGET
COMM - M&S BY ACCOUNT**

		2021	2022 Adopted	2022 Year End	2023 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	65.47	116.91	275.55	275.55
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	344.92	0.00	251.27	251.27
52107	COMPUTER HW/SW (LESS THAN \$5,000)	450.52	804.50	0.00	0.00
	SUBTOTAL - OPERATING SUPPLIES	860.91	921.41	543.34	543.34
52305	TELEPHONE	2,220.00	2,312.50	2,312.50	2,312.50
52315	ADVERTISING	5,913.10	5,826.96	11,654.46	11,654.46
52320	MEETINGS	385.00	0.00	1,011.79	1,011.79
52325	TRAVEL	140.90	210.80	380.64	380.64
52330	TRAINING	4,999.22	5,000.00	0.00	0.00
52335	DUES AND SUBSCRIPTIONS	6,905.60	11,242.14	5,836.48	5,836.48
52345	PRINTING, BINDING AND COPYING	15,673.00	17,664.29	26,269.64	28,000.00
52355	PUBLIC RELATIONS EVENTS	831.36	2,500.00	0.00	4,500.00
	SUBTOTAL - ADMINISTRATION	37,068.18	44,756.70	47,465.52	53,695.88
52640	OTHER CONTRACTUAL SERVICES	11,427.03	20,405.41	(15,878.39)	25,000.00
	SUBTOTAL - PROFESSIONAL SERVICES	11,427.03	20,405.41	(15,878.39)	25,000.00
	TOTAL	49,356.12	66,083.52	32,130.46	79,239.21

**2023 OPERATING BUDGET
FIN - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	25,546.85	30,015.13	21,325.07	25,574.14
52106	11,250.59	2,500.00	2,034.50	2,690.05
52107	4,146.28	6,000.00	23,179.78	2,765.07
52110	31,764.93	40,300.00	29,219.16	40,800.00
52115	3,049.17	3,250.00	3,250.00	3,350.00
52120	674,398.27	650,000.00	932,944.43	950,000.00
52122	20,843.40	22,200.00	25,127.07	25,500.00
52125	13,638.09	15,001.16	6,544.57	11,538.14
52130	3,305.65	6,749.91	4,472.48	6,168.89
52135	7,348.10	10,500.00	6,724.09	11,070.16
52140	235,194.22	250,000.00	250,000.00	265,000.00
52145	293,309.58	315,106.00	297,118.77	356,000.00
52150	25,999.58	36,000.00	65,731.09	56,800.00
52155	88,301.12	125,000.00	86,365.71	125,000.00
52165	1,829.74	407.36	1,322.96	1,771.18
52170	6,277.04	5,443.68	6,183.36	6,462.38
52185	0.00	0.00	4,489.41	4,489.41
52199	0.00	644.70	0.00	1,000.00
	1,446,202.61	1,519,117.93	1,766,032.47	1,895,979.43
	SUBTOTAL - OPERATING SUPPLIES			
52305	22,947.78	23,168.07	22,238.88	24,782.50
52310	101,332.40	125,550.00	114,390.71	120,550.00
52315	306.08	500.00	0.00	0.00
52320	0.00	250.00	54.00	250.00
52325	33.85	385.00	672.36	3,150.00
52330	4,479.23	13,500.00	24,716.29	15,620.00
52335	115,147.01	133,150.00	168,575.18	146,563.57
52340	1,849.94	2,500.00	550.00	1,500.00
52345	36,945.40	55,400.00	39,978.89	49,967.79
52370	32,343.32	45,500.00	66,003.16	52,500.00
52390	2,417.00	2,200.00	2,100.00	2,200.00
52400	40,445.03	25,000.00	38,600.00	43,000.00
52405	671,615.90	400,818.75	733,000.00	770,000.00
52431	32,850.21	40,000.00	40,000.00	40,000.00
52435	1,148.96	0.00	100.00	0.00
52499	3,520.00	4,250.00	107.62	2,107.62
	1,067,382.11	872,171.82	1,251,087.07	1,272,191.48
	SUBTOTAL - ADMINISTRATION			
52505	11,647.83	4,200.00	6,831.21	8,000.00
52510	14,266.55	12,625.25	16,210.27	15,000.00
52520	160,496.26	168,377.38	168,472.28	138,797.29
52525	11,821.38	15,500.00	12,489.43	15,000.00
	198,232.02	200,702.63	204,003.19	176,797.29
	SUBTOTAL - UTILITIES			
52625	56,540.00	45,000.00	41,500.00	41,500.00
52630	5,728.18	5,500.00	3,979.95	5,644.70
52635	49,176.21	8,000.00	160,125.18	54,850.00
52640	187,618.12	169,100.00	233,811.49	191,444.64
52645	17,388.90	0.00	26,665.62	2,000.00
52652	222.50	0.00	0.00	0.00
	316,673.91	227,600.00	466,082.23	295,439.34
	SUBTOTAL - PROFESSIONAL SERVICES			
52710	99,469.56	156,216.07	76,964.07	135,500.00
	99,469.56	156,216.07	76,964.07	135,500.00
	SUBTOTAL - REPAIR SERVICES			
52805	1,200.00	1,600.00	1,428.57	2,000.00
	1,200.00	1,600.00	1,428.57	2,000.00
	SUBTOTAL - INSURANCE			
55100	0.00	6,000.00	0.00	6,000.00
55080	28,433.86	0.00	0.00	0.00
55090	18,974.11	102,000.00	81,932.50	156,000.00
	47,407.97	108,000.00	81,932.50	162,000.00
	SUBTOTAL - CAPITAL OUTLAY			
TOTAL	3,176,568.18	3,085,408.45	3,847,530.11	3,939,907.54

**2023 OPERATING BUDGET
HR - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	2,294.26	3,500.00	1,188.52	2,250.00
52106	163.01	3,000.00	836.43	3,000.00
52107	214.54	4,000.00	159.71	3,000.00
52130	85.97	200.00	0.00	200.00
52135	10,031.39	8,974.64	13,553.52	14,500.00
52165	15,571.03	23,000.00	7,572.25	13,000.00
52170	352.84	700.00	142.57	700.00
52199	25.00	0.00	0.00	0.00
	28,738.04	43,374.64	23,453.00	36,650.00
52305	3,467.76	4,100.00	3,505.63	4,200.00
52315	6,096.82	15,000.00	12,759.23	15,000.00
52320	461.61	1,250.00	230.91	1,150.00
52325	920.50	11,500.00	3,532.39	9,500.00
52330	50,868.23	85,000.00	70,680.50	92,000.00
52335	12,474.73	12,000.00	7,446.64	9,500.00
52340	86.34	1,700.00	137.95	1,000.00
52345	137.00	1,000.00	12.13	1,000.00
52357	20,784.51	25,000.00	49,900.02	40,000.00
52360	20,891.63	25,000.00	3,506.30	20,000.00
52365	3,309.64	10,000.00	9,479.29	10,000.00
52370	38,671.69	45,000.00	32,550.73	42,000.00
52375	0.00	0.00	2,962.50	3,000.00
52435	263.76	471.00	357.14	500.00
52440	621.80	1,110.36	0.00	1,200.00
52499	1,012.50	1,808.04	0.00	0.00
	160,068.52	239,939.39	197,061.36	250,050.00
	0.00	0.00	0.00	0.00
52605	2,998.50	25,000.00	3,134.82	23,000.00
52635	18,323.39	45,000.00	52,298.21	52,500.00
52640	48,988.46	41,000.00	77,674.86	55,000.00
	70,310.35	111,000.00	133,107.89	130,500.00
52710	5,040.66	15,000.00	11,851.27	13,000.00
	5,040.66	15,000.00	11,851.27	13,000.00
	0.00	0.00	0.00	0.00
TOTAL	264,157.57	409,314.04	365,473.52	430,200.00

**2023 OPERATING BUDGET
IT - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	292.73	98.86	159.04	159.04
52106	1,745.64	570.00	0.00	0.00
52107	98,073.45	30,000.00	20,000.00	15,000.00
52110	2,249.75	1,485.48	1,011.50	1,011.50
52115	2,079.97	1,523.54	10,000.00	5,000.00
52125	151.00	269.64	89.48	89.48
52130	41.60	49.54	0.00	0.00
52135	43.59	0.00	0.00	0.00
52150	11.30	20.18	0.00	0.00
52165	130.00	0.00	0.00	0.00
52170	25.44	34.73	233.30	233.30
	104,844.47	34,051.96	31,493.32	21,493.32
52305	209,749.53	202,186.59	212,500.00	185,500.00
52325	2,930.67	5,000.00	6,549.14	7,500.00
52330	7,886.49	20,000.00	7,427.41	15,000.00
52335	1,000.00	1,000.00	1,200.00	1,200.00
52350	40,620.61	51,430.61	15,000.00	42,000.00
52365	157,311.40	125,000.00	70,000.00	30,000.00
52370	1,008,188.88	690,000.00	1,450,000.00	1,530,000.00
52530	3,880.25	4,019.30	4,169.18	4,169.18
	1,431,567.83	1,098,636.50	1,766,845.73	1,815,369.18
52635	142,621.51	125,000.00	58,000.00	58,000.00
52640	81,756.40	74,500.00	50,000.00	25,000.00
	224,377.91	199,500.00	108,000.00	83,000.00
52710	9,324.02	13,742.89	6,000.00	6,000.00
	9,324.02	13,742.89	6,000.00	6,000.00
55110	0.00	0.00	30,215.86	0.00
	0.00	0.00	30,215.86	0.00
52805	0.00	0.00	14,834.58	29,592.72
	0.00	0.00	14,834.58	29,592.72
TOTAL	1,770,114.23	1,345,931.36	1,957,389.49	1,955,455.22

**2023 OPERATING BUDGET
ENG - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	3,839.92	5,050.00	3,086.05	3,910.30
52106	1,211.94	2,500.00	2,621.88	3,000.00
52107	6,905.18	14,200.00	1,722.63	4,300.00
52110	21,958.11	35,150.00	54,021.32	46,150.00
52115	1,405.38	1,208.02	0.00	500.00
52125	866.90	3,250.00	0.00	3,100.00
52130	2,964.87	4,250.00	4,445.86	4,950.00
52135	2,926.94	4,550.00	2,708.86	4,000.00
52145	2,398.57	7,000.00	0.00	4,000.00
52150	791.77	4,400.00	1,511.88	4,067.02
52165	611.46	1,091.89	0.00	0.00
52170	1,089.56	1,525.45	455.63	1,518.00
52185	0.00	500.00	0.00	500.00
52199	0.00	250.00	0.00	250.00
	46,970.60	84,925.36	70,574.09	80,245.32
52210	0.00	0.00	0.00	1,000.00
	0.00	0.00	0.00	1,000.00
52305	36,772.77	36,768.63	37,046.18	37,046.18
52310	334.86	650.00	0.00	450.00
52315	1,408.33	2,350.00	681.96	2,500.00
52320	116.44	700.00	286.21	500.00
52325	2,839.59	14,200.00	8,968.63	16,000.00
52330	13,374.90	37,500.00	12,881.59	38,000.00
52335	36,605.05	36,500.00	63,369.64	44,712.50
52340	397.00	900.00	192.86	900.00
52345	1,060.76	1,750.00	2,799.84	2,100.00
52365	36,091.49	21,000.00	50,015.00	37,000.00
52370	66,547.38	89,000.00	141,447.70	102,177.82
52390	200.00	1,000.00	500.00	6,500.00
52499	62,194.59	75,000.00	70,000.00	80,000.00
	257,943.16	317,318.63	388,189.61	367,886.50
52525	3,516.72	3,500.00	2,380.04	3,500.00
	3,516.72	3,500.00	2,380.04	3,500.00
52610	0.00	100.00	0.00	100.00
52630	122.21	250.00	99.29	250.00
52635	171,464.85	170,000.00	138,338.84	120,000.00
52640	66,018.61	66,166.07	38,470.55	49,774.93
52641	25,000.00	25,000.00	25,000.00	25,000.00
52645	12,747.85	65,000.00	13,076.16	25,000.00
52652	250.00	450.00	6,019.96	0.00
52670	0.00	1,000.00	0.00	0.00
52675	41,194.00	31,000.00	14,657.14	31,000.00
52705	0.00	0.00	3,107.57	3,107.57
	316,797.52	358,966.07	238,769.52	254,232.50
52710	820.00	1,071.43	0.00	0.00
52715	0.00	200.00	0.00	200.00
	820.00	1,271.43	0.00	200.00
	0.00	0.00	0.00	0.00
TOTAL	626,048.00	765,981.48	699,913.25	707,064.32

**2023 OPERATING BUDGET
WATER - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	7,264.86	7,793.33	8,007.82	7,768.27
52106	17,516.59	7,810.11	1,116.11	2,500.00
52107	7,815.34	7,494.39	3,085.38	8,100.00
52110	170,444.33	197,714.99	308,268.63	360,701.54
52115	6,534.20	11,559.34	1,910.04	8,850.00
52120	9,204.65	44,608.29	10,060.05	31,500.00
52122	8,945.51	10,985.56	9,706.46	10,500.00
52125	779,611.18	775,655.58	829,858.38	1,013,131.43
52130	17,668.24	32,694.12	16,187.96	21,000.00
52135	42,754.80	58,814.11	65,629.63	87,795.04
52145	313.40	1,970.04	6,281.21	4,200.00
52150	49,525.75	70,759.53	76,210.16	66,029.88
52155	0.00	0.00	35.13	0.00
52165	10,619.83	8,821.88	5,582.57	5,650.00
52170	10,881.59	18,066.04	20,769.88	18,186.25
52185	0.00	0.00	892.86	500.00
	1,139,100.27	1,254,747.31	1,363,602.25	1,646,412.39
52210	486,230.60	607,305.16	682,558.36	772,000.00
	486,230.60	607,305.16	682,558.36	772,000.00
52305	56,921.25	58,219.83	59,775.55	56,737.50
52310	248.66	2,471.18	0.00	500.00
52315	3,269.16	1,132.14	1,221.43	1,089.29
52320	0.00	0.00	720.55	720.55
52325	0.00	0.00	10,241.45	5,980.52
52330	14,103.69	20,959.71	46,211.18	26,500.00
52335	158,456.73	129,581.57	252,367.77	158,257.14
52340	459.85	821.16	712.50	800.00
52345	37.00	66.07	857.14	300.00
52370	7,087.44	7,372.60	0.00	3,750.00
52385	345.00	616.07	0.00	0.00
52390	33,527.65	34,989.61	27,998.93	35,900.96
52391	11,966.65	64.39	0.00	0.00
52395	4,000.00	0.00	0.00	0.00
52415	698,538.88	863,963.50	761,623.66	732,000.00
52499	2,942.08	985.63	0.00	900.00
	991,904.04	1,121,243.46	1,161,730.16	1,023,435.96
52515	348.93	271.09	434.09	434.09
52520	2,750,038.51	2,224,138.05	2,600,421.71	3,068,497.63
52525	8,010.72	7,113.63	11,841.45	9,050.00
	2,758,398.16	2,231,522.77	2,612,697.25	3,077,981.72
52620	0.00	0.00	162,962.50	65,000.00
52635	16,490.00	35,375.00	179,088.23	852,000.00
52640	573,691.90	685,538.79	410,736.61	1,359,000.00
52645	784.50	0.00	134.00	0.00
52652	153,266.84	357,879.63	148,231.07	299,000.00
52660	0.00	70,000.00	0.00	100,000.00
52670	2,487.32	4,441.64	8,089.29	4,500.00
52675	70,440.85	158,393.40	106,532.23	145,000.00
	817,161.41	1,311,628.47	1,015,773.93	2,824,500.00
52705	145,819.04	25,797.38	89,669.27	100,000.00
52710	2,029,688.55	1,925,394.46	2,709,199.88	3,239,000.00
	2,175,507.59	1,951,191.84	2,798,869.14	3,339,000.00
	0.00	0.00	0.00	0.00
55010	4,736.00	25,000.00	0.00	0.00
55030	5,524.00	0.00	0.00	0.00
55080	0.00	0.00	768,675.52	170,000.00
55090	68,177.92	278,987.84	423,419.02	213,000.00
55130	19,572.19	0.00	27,663.29	15,000.00
	98,010.11	303,987.84	1,219,757.82	398,000.00
TOTAL	8,466,312.18	8,781,626.85	10,854,988.91	13,081,330.08

**2023 OPERATING BUDGET
WW - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	13,205.06	10,055.27	17,377.25	10,825.61
52106	4,921.94	3,349.04	588.59	588.59
52107	11,641.40	19,732.77	1,149.70	1,149.70
52110	318,681.95	288,618.75	256,011.77	286,655.95
52115	4,418.10	6,320.80	4,490.13	4,490.13
52120	16,385.18	28,565.09	9,746.29	16,702.43
52122	3,335.27	3,195.91	3,549.88	5,049.88
52125	535,904.65	625,000.00	877,852.93	698,101.07
52130	9,600.02	9,651.11	3,458.13	16,079.77
52135	68,293.71	45,950.91	70,090.18	51,304.52
52145	3,085.74	589.54	1,776.89	1,744.77
52150	32,859.59	30,370.68	33,145.91	32,002.21
52165	3,694.31	2,678.20	10,161.93	5,000.00
52170	33,745.83	28,808.00	40,631.52	33,677.68
52185	605.00	0.00	68,727.52	12,500.00
	1,060,377.75	1,102,886.05	1,398,758.59	1,175,872.29
52210	470,115.20	523,500.00	470,259.96	546,000.00
	470,115.20	523,500.00	470,259.96	546,000.00
52305	51,551.87	53,120.09	52,920.59	52,371.38
52310	866.03	563.66	0.00	0.00
52315	298.65	533.30	0.00	0.00
52325	48.00	4,000.00	150.00	4,000.00
52330	14,722.00	22,158.93	16,030.36	21,500.00
52335	15,566.10	18,070.34	15,644.27	16,500.00
52340	711.68	1,073.71	0.00	0.00
52345	335.35	598.84	0.00	0.00
52360	0.00	0.00	181.86	181.86
52365	4,844.50	9,106.70	0.00	4,000.00
52370	11,074.55	10,178.66	4,464.29	7,464.29
52385	122.00	0.00	0.00	0.00
52390	49,930.54	51,751.61	8,826.79	46,000.00
52395	0.00	50,000.00	69,130.96	42,000.00
52435	100.00	0.00	0.00	0.00
52499	527.45	400.00	504.89	504.89
	150,698.72	221,555.84	167,854.00	194,522.41
52515	10,412.82	12,000.00	9,094.45	12,000.00
52520	2,293,802.35	2,774,339.80	2,755,074.43	3,241,595.76
52525	9,214.83	42,500.00	12,129.27	9,392.36
	2,313,430.00	2,828,839.80	2,776,298.14	3,262,988.12
52620	0.00	0.00	21,428.57	0.00
52630	23,561.46	32,442.16	20,457.96	25,001.36
52635	21,356.50	31,426.43	1,797.32	5,000.00
52640	444,998.17	354,214.29	311,531.63	487,057.88
52652	109,120.05	60,741.07	90,468.75	110,044.64
52655	52,414.05	52,999.38	50,379.55	55,999.82
52660	486,660.20	479,387.09	498,848.91	515,626.04
52675	153,281.60	174,695.79	148,124.25	216,835.00
	1,291,392.03	1,185,906.20	1,143,036.95	1,415,564.73
52705	13,284.94	40,332.14	87,791.38	59,907.96
52710	172,619.68	245,000.00	223,204.77	297,500.00
	185,904.62	285,332.14	310,996.14	357,407.96
55010	6,500.00	6,250.00	6,250.00	7,500.00
55030	0.00	40,000.00	0.00	0.00
55090	40,020.36	42,487.66	47,459.41	31,246.54
	46,520.36	88,737.66	53,709.41	38,746.54
TOTAL	5,518,438.68	6,236,757.69	6,320,913.20	6,991,102.05

**2023 OPERATING BUDGET
RW - M&S BY ACCOUNT**

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52110	715.12	1,277.00	7,933.93	8,287.30
52125	25,315.16	40,000.00	29,819.46	30,000.00
52150	1,496.03	2,639.34	0.00	0.00
52170	1,420.02	333.96	8,493.14	399.75
	28,946.33	44,250.30	46,246.54	38,687.05
52210	171,009.42	150,000.00	150,514.80	175,000.00
	171,009.42	150,000.00	150,514.80	175,000.00
52305	874.08	850.45	836.43	836.43
	874.08	850.45	836.43	836.43
52418	0.00	0.00	0.00	1,000,000.00
52520	247,179.48	241,528.26	295,860.12	349,114.94
	247,179.48	241,528.26	295,860.12	1,349,114.94
52620	0.00	0.00	22,503.57	0.00
52635	0.00	50,000.00	64,068.75	20,000.00
52640	11,502.83	2,500.00	9,258.93	9,258.93
52652	23,913.00	232.14	0.00	0.00
	35,415.83	52,732.14	95,831.25	29,258.93
52710	2,736.00	1,030,000.00	0.00	15,000.00
	2,736.00	1,030,000.00	0.00	15,000.00
	0.00	0.00	0.00	0.00
TOTAL	486,161.14	1,519,361.15	589,289.14	1,607,897.35

2023 OPERATING BUDGET
HYDRO - M&S BY ACCOUNT

	2021 Actuals	2022 Adopted Budget	2022 Year End Projections	2023 Proposed Budget
52105	7,124.66	8,158.41	8,573.30	8,950.25
52106	5,320.27	6,248.02	863.93	2,500.00
52107	10,134.98	10,000.00	90,944.14	6,000.00
52110	80,430.69	104,563.85	103,074.41	78,273.02
52115	5,060.41	11,233.18	9,675.07	11,237.07
52120	4,368.98	6,128.82	7,200.18	10,500.00
52122	13,247.07	20,000.00	32,206.86	35,000.00
52125	134,961.50	199,203.57	166,763.64	178,500.00
52130	12,348.85	12,857.96	13,084.66	12,500.00
52135	18,278.64	20,032.77	13,727.93	16,500.00
52145	4,998.02	7,811.96	2,295.20	1,250.00
52150	43,628.72	28,504.16	30,513.75	33,500.00
52165	2,411.43	3,895.23	980.70	1,045.96
52170	4,509.24	2,852.71	10,359.86	3,151.82
52185	31,426.66	75,000.00	8,676.38	458,144.23
	378,250.12	516,490.66	498,940.00	857,052.36
52210	0.00	0.00	0.00	40,000.00
	0.00	0.00	0.00	40,000.00
52305	48,836.49	48,368.43	42,370.57	50,600.00
52310	149.94	463.21	0.00	0.00
52315	1,165.97	1,000.00	0.00	0.00
52325	39.76	13,000.00	1,377.09	7,000.00
52330	39,555.20	50,600.00	11,483.00	32,000.00
52335	10,576.06	9,358.93	4,476.77	2,850.00
52340	833.27	1,387.89	0.00	500.00
52345	0.00	0.00	2,300.00	2,300.00
52350	29.97	0.00	82.05	82.05
52365	60,016.06	15,000.00	94,219.66	94,219.66
52370	96,796.93	197,500.00	103,386.32	211,300.00
52390	11,619.52	7,000.00	3,929.07	9,100.00
52391	10,469.83	10,000.00	0.00	12,000.00
52395	2,500.00	2,500.00	4,464.29	2,500.00
52415	0.00	0.00	62.61	62.61
52420	124,310.68	125,000.00	159,369.63	130,000.00
52499	1,396.92	2,494.50	0.00	0.00
	408,296.60	483,672.96	427,521.05	554,514.32
52520	70,645.87	78,990.47	83,910.83	99,014.78
52525	11,663.56	12,199.77	12,000.00	12,000.00
	82,309.43	91,190.24	95,910.83	111,014.78
52605	6,552.00	0.00	0.00	0.00
52620	14,098.00	4,000.00	58,526.79	10,000.00
52635	124,438.50	202,970.54	98,081.54	75,500.00
52640	762,319.71	210,783.04	225,023.11	204,000.00
52645	3,862.56	0.00	0.00	0.00
52652	199,646.91	247,338.14	417,796.00	251,000.00
	1,110,917.68	665,091.71	799,427.43	540,500.00
52705	12,610.05	27,749.77	24,053.36	12,000.00
52710	52,450.95	98,772.98	156,093.39	167,500.00
	65,061.00	126,522.75	180,146.75	179,500.00
52805	226,427.20	246,855.00	265,887.01	307,000.00
	226,427.20	246,855.00	265,887.01	307,000.00
55090	6,700.34	7,000.00	0.00	0.00
	6,700.34	7,000.00	0.00	0.00
TOTAL	2,277,962.37	2,136,823.32	2,267,833.07	2,589,581.46

**2023 OPERATING BUDGET
REC - M&S BY ACCOUNT**

		2021	2022 Adopted	2022 Year End	2023 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	3,924.55	2,500.00	3,903.84	4,090.68
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	2,402.24	1,000.00	1,000.00	1,000.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	7,088.22	4,000.00	2,500.00	2,500.00
52110	OPERATING SUPPLIES	19,256.52	32,718.68	30,458.04	32,900.00
52115	TELECOM SUPPLIES	895.57	6,000.00	1,219.39	5,100.00
52122	PROPANE	3,743.55	4,571.66	12,117.66	6,500.00
52125	REPAIR AND MAINTENANCE SUPPLIES	28,784.48	37,000.00	35,694.30	38,943.16
52130	CLOTHING/UNIFORMS	5,441.89	5,000.00	4,824.21	5,702.80
52135	SAFETY SUPPLIES	6,648.15	6,500.00	4,261.89	6,750.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	1,351.13	1,500.00	2,384.88	1,500.00
52150	SMALL TOOLS	2,134.47	4,500.00	7,250.64	4,500.00
52155	TIRES	0.00	0.00	109.77	109.77
52160	RESALE SUPPLIES	5,950.00	20,000.00	0.00	20,000.00
52165	SECURITY SUPPLIES	838.96	1,000.00	2,787.36	2,500.00
52170	FREIGHT CHARGES	726.54	500.00	242.77	242.77
	SUBTOTAL - OPERATING SUPPLIES	89,186.27	126,790.34	108,754.75	132,339.18
	SUBTOTAL - CHEMICALS	0.00	0.00	0.00	0.00
52305	TELEPHONE	4,700.41	4,767.48	5,033.95	5,100.54
52310	POSTAGE	14.00	25.00	25.00	25.00
52315	ADVERTISING	1,855.00	2,000.00	3,089.29	2,000.00
52325	TRAVEL	0.00	2,000.00	0.00	3,000.00
52330	TRAINING	0.00	3,000.00	0.00	4,000.00
52335	DUES AND SUBSCRIPTIONS	6,248.00	7,000.00	8,000.00	8,000.00
52345	PRINTING, BINDING AND COPYING	14,995.72	16,500.00	13,930.91	15,750.00
52350	INTERNET SERVICES	1,056.05	1,200.00	1,814.21	1,814.21
52390	MISCELLANEOUS PERMITS	1,542.86	2,000.00	4,549.39	2,000.00
52400	BANK SERVICE CHARGES	579.58	700.00	750.00	750.00
52405	CREDIT CARD DISCOUNT CHARGES	40,416.86	30,000.00	40,000.00	40,000.00
52499	MISCELLANEOUS ADMIN EXP.	45.00	0.00	0.00	0.00
	SUBTOTAL - ADMINISTRATION	71,453.48	69,192.48	77,192.75	82,439.75
52505	WATER	31,968.83	35,000.00	42,422.39	35,000.00
52520	ELECTRICITY	13,882.83	14,826.42	14,449.40	17,050.29
52525	GARBAGE	81,051.00	80,000.00	75,533.45	83,000.00
52530	OTHER UTILITY CHARGES	0.00	0.00	0.00	1,500.00
	SUBTOTAL - UTILITIES	126,902.66	129,826.42	132,405.24	136,550.29
52640	OTHER CONTRACTUAL SERVICES	66,953.43	113,500.00	110,876.02	114,000.00
52645	TEMPORARY LABOR SERVICES	311,519.75	423,955.00	400,632.04	436,253.57
52652	COMPLIANCE REQUIREMENTS SERVICES	1,200.56	1,786.71	1,437.50	1,437.50
	SUBTOTAL - PROFESSIONAL SERVICES	379,673.74	539,241.71	512,945.55	551,691.07
52705	EQUIPMENT RENT	2,895.75	5,000.00	0.00	5,000.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	1,354.98	2,000.00	12,846.55	5,000.00
	SUBTOTAL - REPAIR SERVICES	4,250.73	7,000.00	12,846.55	10,000.00
55090	TOOLS AND EQUIPMENT	19,454.49	16,500.00	30,135.71	5,000.00
	SUBTOTAL - CAPITAL OUTLAY	19,454.49	16,500.00	30,135.71	5,000.00
	TOTAL	690,921.37	888,550.96	874,280.56	918,020.29

2023-2024 Operating Budget and 2023-2027 Financial Plan

El Dorado Irrigation District
December 12, 2022

Previous Board Action

March 20, 2000 – Board adopted a multi-year operating budget process.

December 13, 2021 – Board adopted the 2021–2022 mid-cycle operating budget and 2022–2026 Financial Plan, including the implementation of previously approved 5% rate increases for 2022 for water and recycled water, with 0% increase for wastewater for 2022.

November 14, 2022 – Board held a workshop to review the draft 2023–2024 Operating Budget and 2023–2027 Financial Plan.

Summary of Issues

- ❑ 2022 revised year end projections
- ❑ 2023–2024 revenue projections
- ❑ 2023–2024 operating budget expense projections
- ❑ Debt service coverage
- ❑ 2023-2027 five-year forecast
- ❑ Projected cash reserve balances

Revised 2022 and 2023-2024 Revenue Projections

Revised 2022

2022 Revenue projection changes from 2022 adopted budget:

Total revenues lower by \$4.9 million

Major contributors include:

- FCC revenue projected lower by \$1.3 million
- Grant revenue of \$7.1 million received in prior year
- Property tax revenue projected higher by \$1.8 million

2023-2024 Revenue Projections

2023 - 2024 Revenue Projections

- ❑ FCCs - \$3,200,000 lower than 2022 budgeted
- ❑ Property tax \$761,000 higher than 2022 budgeted

Revenues for 2022-2024 (in millions)

	2022 Adopted Budget	2022 Revised Projection	2023 Proposed Budget	2024 Proposed Budget
Water Sales and Services ⁽¹⁾	\$ 38.500	\$ 39.000	\$ 41.587	\$ 45.059
Wastewater Sales and Services ⁽¹⁾	21.546	21.4300	21.936	22.332
Recycled Water Sales ⁽¹⁾	2.684	2.800	2.900	3.157
Hydropower Sales	3.500	4.500	3.500	3.500
Investment Income	0.750	.536	0.600	0.750
FCCs	13.200	11.869	10.000	10.000
Debt Surcharges	0.840	0.957	.960	.960
Property Tax	12.955	14.839	15.600	15.912
Grants ⁽²⁾	7.100	.043	0	0
FEMA	0	.680	3.000	0
Other Income	2.081	1.690	1.699	1.708
Recreation	1.528	1.354	1.650	1.683
Total Revenues	\$104.684	99.698	\$ 103.207	\$104.837

(1) 2023 projections include previously approved 5% rate increase for water and recycled water rates. 2024 projections include an 8% rate increase for water and recycled water rates and a 5% rate increase for wastewater, as discussed in the financial plan.

(2) 2022 Adopted Budget includes \$7.1 million that was received in late 2021.

Operating Budget Development Process

Budget Development Approach

12/31/22 Projected Year End Expenditures

- Projections based on:
 - 2022 actual expenditures as of July 31, annualized and adjusted for known differences
 - August and September budget status reports

2023-2024 Proposed Operating Budget

- 2023 proposed budget is 6% higher than the 2022 adopted budget
 - approximately \$3.64 million
- 2024 proposed budget is 4.0% higher than 2023

2023-2024

Operating Budget

Expense Projections

2023-2024 Proposed Operating Budget

2023-2024 Expense Projections

□ Personnel

- Net personnel expenses decrease by \$3,762,000 (11.2%)
 - Gross wages increase \$2,509,000
 - Capitalized labor offset increase \$822,000
 - Benefits decrease \$5,449,000
 - Employer PERS contribution decrease \$6,065,000
 - Medical increase \$298,000
 - Retiree health increase \$181,000

2023-2024 Proposed Operating Budget

2023-2024 Expense Projections

- Materials and Services
 - Materials and Services - **\$3,363,000 (5%)**
 - Operating supplies increase \$1,158,000
 - Chemicals increase \$252,000
 - Utilities increase \$1,391,000
 - Repair services decrease \$2,127,000
 - Tank recoating increase \$1,600,000
 - Professional services increase \$1,482,000

2022-2024 Operating Budget Summary by Expense Type (in millions)

	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Wages	\$ 21.963	\$ 23.043	\$ 24.472	\$ 25.696
Benefits (Table 4)	17.167	16.880	11.718	12.304
Salaries and Benefits	39.130	39.923	36.190	38.000
CIP and Development Reimbursement Labor Offsets	(5.542)	(7.588)	(6.364)	(6.681)
Net personnel expense	33.588	32.335	29.826	31.319
Materials and Services				
-Operating Supplies	4.744	5.311	5.902	6.196
-Chemicals	1.282	1.303	1.534	1.611
-Administration	4.579	5.544	6.716	7.052
-Utilities	5.731	6.124	7.122	7.477
-Professional Services	5.172	4.868	6.654	6.987
-Repair Services	3.586	3.401	1.459	1.532
-Tanks	-	-	2.600	2.000
-Insurance	1.061	1.069	1.213	1.274
-Operating Capital Outlay	0.529	1.416	0.609	0.639
-Contingency	0.250	0.000	0.250	0.263
Total Materials and Services	26.934	29.036	34.059	35.031
Total Expenses	\$ 60.522	\$ 61.371	\$ 63.885	\$ 66.350

2022 – 2024 Employee Benefits by type

(in millions)

Type	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Medical	\$ 4.401	\$ 4.200	\$ 4.699	\$ 4.934
Retiree Health	2.000	2.100	2.181	2.290
Dental	0.300	0.310	0.340	0.357
Vision	0.040	0.045	0.045	0.047
EAP ⁽²⁾	0.008	0.008	0.000	0.000
Life	0.064	0.064	0.050	0.053
Workers' Compensation	0.268	0.250	0.260	0.273
FICA	1.649	1.763	1.762	1.850
PERS ⁽¹⁾	8.269	7.969	2.204	2.314
Medical Reimbursement	0.060	0.060	0.060	0.063
Vehicle Allowance	0.036	0.036	0.036	0.038
Other Employee Costs	0.072	0.075	0.081	0.085
Total Benefits	\$ 17.167	\$ 16.880	\$ 11.718	\$ 12.304

(1) Decrease in 2023 due to pay off of Unfunded Actuarial Liability (UAL). Cost is captured in subordinate debt service.

(2) Beginning in 2023, the District's new life insurance carrier will provide EAP services at no additional cost.

Tank recoating

- Over 30 tanks District wide
- Consistent recoating required
- Maintain 15 year cycle per Board discussion
 - Two per year
- Current rates not adequate to support 15 year cycle
- Revised schedule developed

Tank recoating schedule

YEAR	DRINKING WATER TANKS	COST	RECYCLED WATER TANKS	COST
2023	Bass Lake Tank #1 Exterior & Bass Lake Tank #2 Interior and Exterior	\$2.6 Million	Bridlewood Tank	\$4.0 Million
2024	Reservoir 7A Interior and Exterior & Reservoir 7B Exterior	\$3.2 Million	Village C Tank	\$2.0 Million
2025	Oakridge Tank #1 & Rancho Del Sol	\$2.9 Million	Valley View 940	\$1.8 Million
2026	Oakridge Tank #2 & Promontory	\$7.3 Million	EDHWWTP Inf EQ#2	\$1.8 Million
2027	Sly Park Hills Tank & Salmon Falls Tank	\$2.6 Million	Valley View 800	\$1.8 Million
TOTAL COST		\$18.6 Million		\$11.4 Million

15 year maintenance cycle

Revised tank recoating schedule

YEAR	DRINKING WATER TANKS	COST	RECYCLED WATER TANKS	COST
2023	Bass Lake Tank #1 Exterior & Bass Lake Tank #2 Interior and Exterior	\$2.6 Million	-	-
2024	-	-	Bridlewood Tank	\$2 Million
2025	Reservoir 7A Interior and Exterior & Reservoir 7B Exterior	\$4.8 Million	Bridlewood Tank	\$2 Million
2026	Oakridge Tank #1 & Rancho Del Sol	\$1.6 million		
2027	Oakridge Tank #1 & Rancho Del Sol	\$1.6 Million	-	-
TOTAL COST		\$10.6 Million		\$4 Million

2023 – 2027 proposed maintenance cycle

Debt Service Coverage

2022-2024 Debt Service Coverage (in millions)

	2022 Adopted Budget	2022 Revised Projections	2023 Proposed Budget	2024 Proposed Budget
Estimated Revenues	\$ 104.459	\$ 99.802	\$ 103.206	\$ 104.836
Estimated Operating Expenses	(60.036)	(61.370)	(63.885)	(66.350)
Available Net Revenues	44.422	38.431	39.321	38.487
Debt Service ⁽¹⁾	15.008	15.048	15.042	14.965
Debt Service Ratio	2.96	2.55	2.61	2.57
Internal (1.0) Debt Service Ratio ⁽²⁾	2.08	1.77	1.95	1.90

⁽¹⁾Proposed budgets for 2023 and 2024 assume the prepayment on the following year’s maturing debt of \$6 million in each year. The District’s prepayment in 2019 reduced the debt service in 2020 by approximately \$6 million.

⁽²⁾Internal 1.0 test is based upon Available Net Revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues)/(debt service)=1.00 (District goal = 1.25-1.50x)

Financial Plan & Cash Flow Projections

5-Year Financial Plan

November 2014 Financial Plan Workshop

- Financial objectives were established so a plan must:
 - Generate adequate revenues to fund operating costs, pay debt, meet debt covenants and maintain adequate reserves
 - Maintain current service and reliability levels for ratepayers
 - Avoid customer “rate shock”
 - Maintain strong credit ratings
 - Maintain CIP funding levels to timely replace critical assets to avoid failures
 - Maintain strong debt coverage ratios (covenant and internal tests)

2023-2027 Financial Plan

Revenues

□ Rates

- 2021-2025 rates were adopted following Cost of Service Study and Proposition 218 process
 - Water and Recycled Water utilities
 - Approximately 5% rate increases 2021-2025
 - Wastewater utility
 - 0% rate increase 2022
 - 1% rate increase 2023-2024
 - 3% rate increase 2025

2023-2027 Financial Plan

Revenues

- Rates
 - Implementation of rates will help produce funds for
 - Replacement of aging infrastructure as shown in the CIP
 - Maintain debt coverage as required by bond covenants

2023-2027 Financial Plan

Revenues

- FCC revenue – *proposed forecast*
 - 2023-2024 estimated at \$10.0 million
 - 2025-2026 estimated at \$ 6.5 million
 - 2027 estimated at \$5.0 million

- FCC revenue – *current forecast*
 - 2022 estimated at \$13.2 million
 - 2023 – 2026 estimated at \$10 million

2023-2027 Financial Plan

Expenses — *proposed forecast*

- 2023 increase by 6% over 2022 budget
- 2024 estimate 5% CPI increase
- 2025 estimate 3% CPI increase
- 2026 – 2027 estimate 2% CPI increase

Expenses — *current forecast*

- 2022 estimate 4% CPI increase
- 2023 – 2024 estimate 3% CPI increase
- 2025 – 2026 estimate 2% CPI increase

Unanticipated inflation of ~ 9% in 2022

2023-2027 Financial Plan

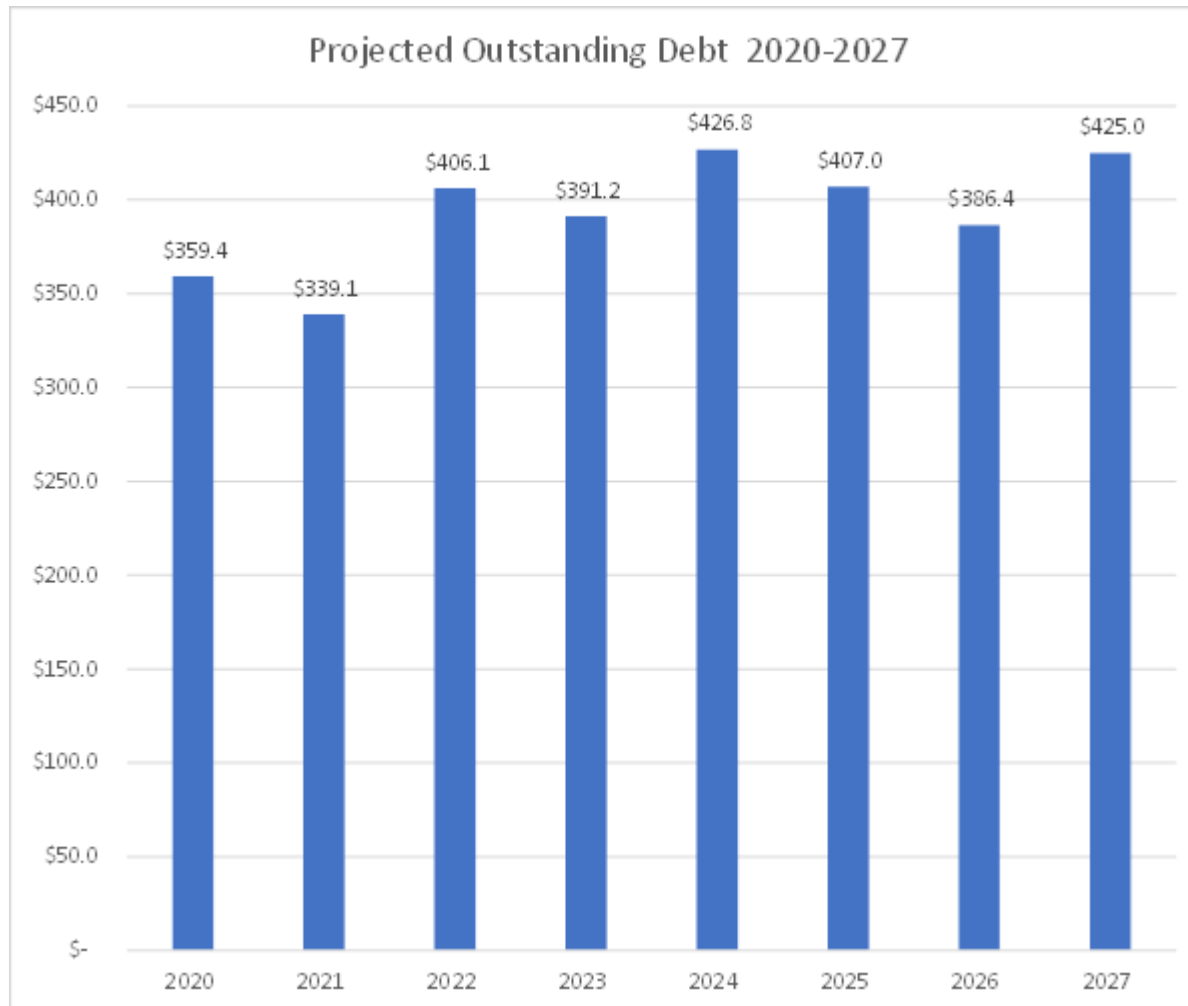
Debt

- Proposed plan
 - Bond issue in 2024, currently estimated at \$50.0 million
 - Sly Park Intertie replacement
 - Flume replacement continuation
 - Water storage tank rehabilitation
 - Bond issue in 2027, currently estimated at \$60.0 million
 - Silver Lake Dam replacement
 - Flume replacement continuation
 - Water treatment plant improvements
- Current 2022 – 2026 plan
 - Projected a \$100 million bond issuance in 2025

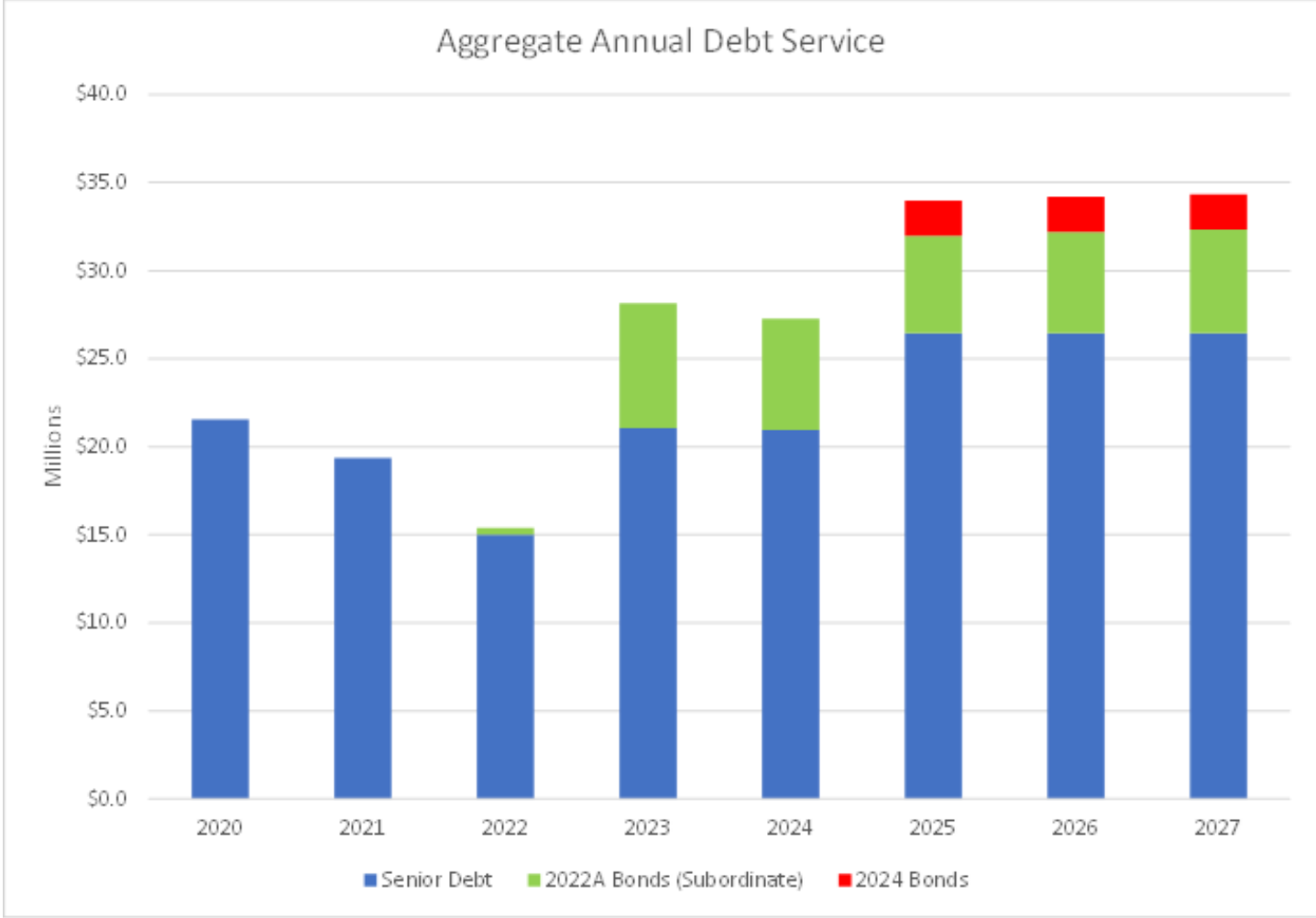
Existing Outstanding Debt 2018-2025 (in millions)



Projected Debt Outstanding 2020-2027 (in millions)



Annual Debt Payment



2023-2027 Financial Plan

The existing Cost of Service rates do not generate sufficient revenues to cover inflation costs on the operating budget, nor do they generate enough cash flow to fund pay as you go capital construction projects while maintaining adequate reserves.

2023-2027 Five-Year Forecast

End of year cash projections (in millions)

2021-2025 Cost of Service Study Existing Rates, Extended beyond 2025

	5.0%	5.0%	5.0%	5.0%	5.0%
	Projected	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Water Utility					
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (1.6)	\$ (8.1)	\$ (23.0)	\$ (31.0)	\$ (41.4)
Reserved					
Operating	10.4	10.3	11.6	11.0	12.0
Capital Replacement Reserves	12.5	12.9	13.2	13.5	13.8
Routine Capital Replacement Reserves	1.8	1.8	1.9	1.9	2.0
Self Insurance Reserves	0.6	0.6	0.6	0.6	0.6
	25.4	25.6	27.3	27.0	28.4
Total unrestricted and reserved cash	23.8	17.5	4.3	-3.9	(13.0)
Restricted-Debt Reserves	0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)	11.8	11.3	7.5	4.5	0.3
Restricted-CIP from Bonds	-3.1	28.0	9.1	-1.5	2.3
	8.8	39.3	16.6	2.9	2.6
Total	\$ 32.5	\$ 56.7	\$ 20.9	\$ (1.0)	\$ (10.4)

2023-2027 Five-Year Forecast

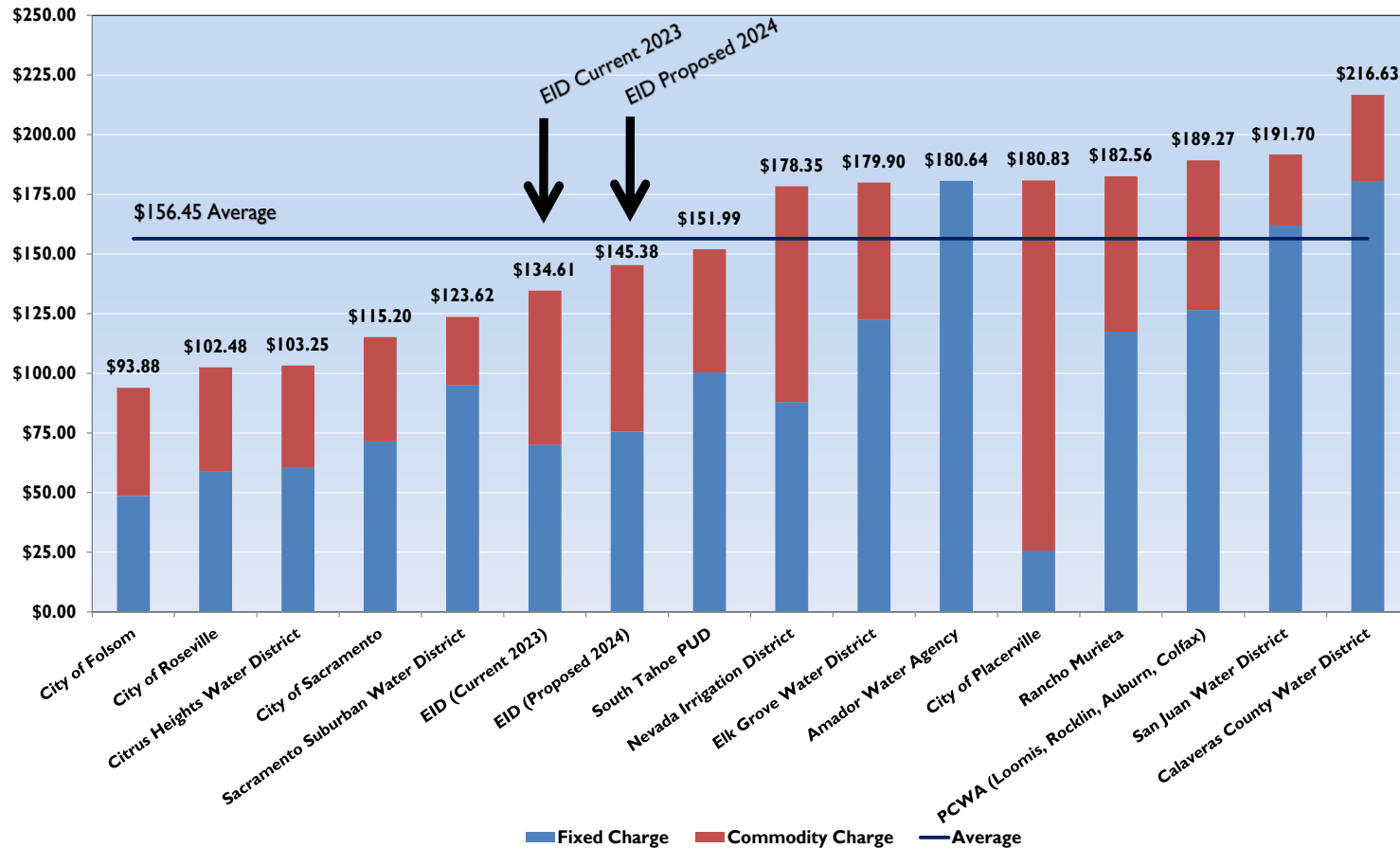
End of year cash projections (in millions)

With proposed rate increases

	5.0%	8.0%	8.0%	8.0%	5.0%
Water Utility	Projected	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (1.8)	\$ (7.2)	\$ (15.6)	\$ (26.3)	\$ (29.6)
Reserved					
Operating	10.5	10.3	10.8	12.2	11.7
Capital Replacement Reserves	12.5	12.9	13.2	13.5	13.8
Routine Capital Replacement Reserves	1.8	1.8	1.9	1.9	2.0
Self Insurance Reserves	0.6	0.6	0.6	0.6	0.6
	<u>25.4</u>	<u>25.6</u>	<u>26.5</u>	<u>28.3</u>	<u>28.1</u>
Total unrestricted and reserved cash	<u>23.6</u>	<u>18.4</u>	<u>10.9</u>	<u>2.0</u>	<u>(1.5)</u>
Restricted-Debt Reserves	0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)	11.8	11.3	7.5	4.5	0.3
Restricted-CIP from Bonds	-3.1	28.0	9.1	-1.5	2.3
	<u>8.8</u>	<u>39.3</u>	<u>16.6</u>	<u>2.9</u>	<u>2.6</u>
Total	\$ 32.4	\$ 57.7	\$ 27.5	\$ 4.9	\$ 1.1

Regional Water Bill Comparison

Regional Water Bill Comparison - 2023
 For Bi-Monthly Service - Single Family Residence: 3/4" Meter - 3,000 cf usage



2023-2027 Five-Year Forecast

End of year cash projections (in millions)

2021-2025 Cost of Service Study Existing Rates, Extended beyond 2025

	1.0%	1.0%	3.0%	3.0%	3.0%
	Projected	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Wastewater Utility					
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (20.9)	\$ (28.2)	\$ (33.9)	\$ (35.6)	\$ (40.6)
Reserved					
Operating	5.5	6.3	6.5	6.2	6.3
Capital Replacement Reserves	8.4	8.6	8.8	9.0	9.2
Routine Capital Replacement Reserves	1.2	1.2	1.2	1.3	1.3
Self Insurance Reserves	0.4	0.4	0.4	0.4	0.4
	15.4	16.4	17.0	16.8	17.2
Total unrestricted and reserved cash	-5.5	-11.7	-16.9	-18.8	-23.4
Restricted-Debt Reserves	0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)	32.9	30.6	28.6	26.8	27.8
Restricted-CIP from Bonds	0.0	0.0	0.0	0.0	0.0
	32.9	30.6	28.6	26.8	27.8
Total	\$ 27.4	\$ 18.8	\$ 11.7	\$ 8.0	\$ 4.4

2023-2027 Five-Year Forecast

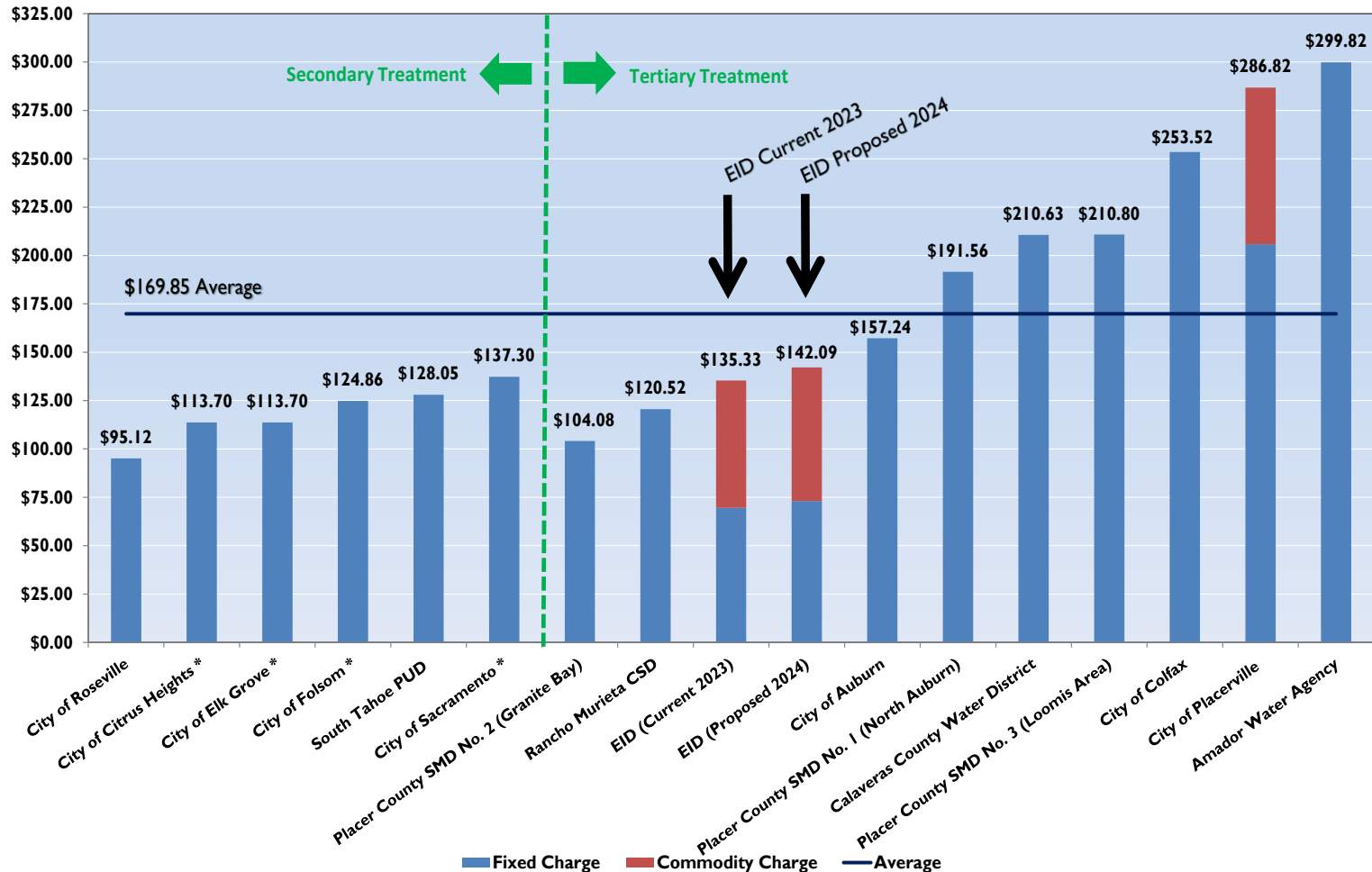
End of year cash projections (in millions)

With proposed rate increases

	1.0%	5.0%	5.0%	5.0%	3.0%
Wastewater Utility	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (21.0)	\$ (27.4)	\$ (31.6)	\$ (31.2)	\$ (33.9)
Reserved					
Operating	5.5	6.3	6.6	6.2	6.3
Capital Replacement Reserves	8.4	8.6	8.8	9.0	9.2
Routine Capital Replacement Reserves	1.2	1.2	1.2	1.3	1.3
Self Insurance Reserves	0.4	0.4	0.4	0.4	0.4
	<u>15.5</u>	<u>16.5</u>	<u>17.0</u>	<u>16.9</u>	<u>17.3</u>
Total unrestricted and reserved cash	<u>-5.5</u>	<u>-10.9</u>	<u>-14.6</u>	<u>-14.3</u>	<u>-16.7</u>
Restricted-Debt Reserves	0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)	32.9	30.6	28.6	26.8	27.8
Restricted-CIP from Bonds	0.0	0.0	0.0	0.0	0.0
	<u>32.9</u>	<u>30.6</u>	<u>28.6</u>	<u>26.8</u>	<u>27.8</u>
Total	\$ 27.3	\$ 19.6	\$ 14.0	\$ 12.5	\$ 11.1

Regional Wastewater Bill Comparison

Regional Sewer Bill Comparison - 2023
 For Bi-Monthly Service - Single Family Residence: 1,600 cf of winter usage



* Cities serviced by the Sacramento Regional County Sanitation District's (SRCSD) regional wastewater treatment facility. Mandated treatment facility improvements from secondary to tertiary are estimated to be completed by 2023.

2023-2027 Five-Year Forecast

End of year cash projections (in millions)

2021-2025 Cost of Service Study Existing Rates, Extended beyond 2025

	W	5.0%	5.0%	5.0%	5.0%	5.0%
	WW	1.0%	1.0%	3.0%	3.0%	3.0%
	RW	5.0%	5.0%	5.0%	5.0%	5.0%
Total District		Projected	Projected	Projected	Projected	Projected
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Breakdown of End of Year Cash Balance						
Unrestricted/Unreserved	\$	(22.5)	\$	(36.3)	\$	(56.9)
				\$	(66.6)	\$
						(82.0)
Reserved						
Operating		15.9	16.5	18.1	17.2	18.2
Capital Replacement Reserves		20.9	21.4	22.0	22.5	23.1
Routine Capital Replacement Reserves		3.0	3.0	3.1	3.2	3.3
Self Insurance Reserves		1.0	1.0	1.0	1.0	1.0
		40.8	42.0	44.2	43.9	45.6
Total unrestricted and reserved cash		18.3	5.7	-12.7	-22.7	-36.4
Restricted-Debt Reserves		0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)		44.7	41.8	36.1	31.3	28.1
Restricted-CIP from Bonds		-3.1	28.0	9.1	-1.5	2.3
		41.6	69.8	45.2	29.7	30.4
Total	\$	59.9	\$	75.6	\$	32.6
				\$	7.1	\$
						(6.0)

2023-2027 Five-Year Forecast

End of year cash projections (in millions)

With proposed rate increases

	W	5.0%	8.0%	8.0%	8.0%	5.0%
	WW	1.0%	5.0%	5.0%	5.0%	3.0%
	RW	5.0%	8.0%	8.0%	8.0%	5.0%
Total District						
		Projected	Projected	Projected	Projected	Projected
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Breakdown of End of Year Cash Balance						
Unrestricted/Unreserved	\$	(22.8)	\$	(34.5)	\$	(47.2)
			\$	(57.5)	\$	(63.6)
Reserved						
Operating		16.0	16.6	17.4	18.4	18.0
Capital Replacement Reserves		20.9	21.4	22.0	22.5	23.1
Routine Capital Replacement Reserves		3.0	3.0	3.1	3.2	3.3
Self Insurance Reserves		1.0	1.0	1.0	1.0	1.0
		40.9	42.1	43.5	45.1	45.3
Total unrestricted and reserved cash		18.1	7.5	-3.7	-12.3	-18.2
Restricted-Debt Reserves		0.0	0.0	0.0	0.0	0.0
Restricted-Growth CIP (FCCs)		44.7	41.8	36.1	31.3	28.1
Restricted-CIP from Bonds		-3.1	28.0	9.1	-1.5	2.3
		41.6	69.8	45.2	29.7	30.4
Total	\$	59.7	\$	77.3	\$	41.5
			\$	17.4	\$	12.2

Effect of Rate Adjustment on Average EID Bimonthly Bills

MEDIUM	2023	%	2024	%	2025	%	2026	%	2027	%	5 Year Average %
Water	\$6.40	5.00%	\$10.77	8.00%	\$11.63	8.00%	\$12.55	8.00%	\$8.48	5.00%	6.80%
Wastewater	\$1.35	1.00%	\$6.76	5.00%	\$7.10	5.00%	\$7.47	5.00%	\$4.70	3.00%	3.80%
Water and wastewater	\$7.75	3.00%	\$17.53	6.50%	\$18.73	6.50%	\$20.02	6.50%	\$13.18	4.00%	5.30%
Water, wastewater, and recycled	\$9.00	3.10%	\$19.63	6.60%	\$21.00	6.60%	\$22.48	6.70%	\$14.83	4.10%	5.40%

2023-2027 Five-Year Forecast (in millions)

2021-2025 Cost of Service Study Existing Rates

Water rate increase	5.0%	5.0%	5.0%	5.0%	5.0%
Wastewater rate increase	1.0%	1.0%	3.0%	3.0%	3.0%
Recycled water rate increase	5.0%	5.0%	5.0%	5.0%	5.0%
Total District	Proposed	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	103.2	103.5	103.8	107.7	110.3
Total Maintenance and Operation Costs	63.7	66.1	72.5	68.7	73.0
Net Revenues	39.5	37.4	31.3	39.0	37.3
Senior Debt Service	15.0	15.0	22.4	22.4	22.4
Pension Debt Service	7.1	6.3	5.5	5.7	5.9
Total Debt Service	22.1	21.3	27.9	28.1	28.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	17.4	66.1	3.4	10.9	69.0
Cash Balance - January 1	79.3	59.9	75.5	32.6	7.1
Total Cash Available for Capital Projects or Debt Pre-payment	96.7	126.0	78.9	43.5	76.1
Total CIP	(37.8)	(44.5)	(40.3)	(30.4)	(76.1)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	59.9	75.5	32.6	7.1	(6.0)
Senior Debt Service Coverage (1.25x test)	2.63	2.49	1.40	1.74	1.67
Subordinate Debt Service Coverage (1.0x test)	3.45	3.56	1.62	2.91	2.53
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	10.0	10.0	6.5	6.5	5.0
\$\$\$ of FCCs Removed from Calculation	10.0	10.0	6.5	6.5	5.0
Internal Senior Debt Coverage (1.0x test)	1.97	1.83	1.11	1.45	1.44

2023-2027 Five-Year Forecast (in millions)

Proposed water rate increase	5.0%	8.0%	8.0%	8.0%	5.0%
Proposed wastewater rate increase	1.0%	5.0%	5.0%	5.0%	3.0%
Proposed recycled water rate increase	5.0%	8.0%	8.0%	8.0%	5.0%

Total District	Proposed <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	103.2	105.7	108.0	114.1	117.1
Total Maintenance and Operation Costs	63.9	66.3	69.6	73.7	71.9
Net Revenues	39.3	39.4	38.4	40.4	45.2
Senior Debt Service	15.0	15.0	22.4	22.4	22.4
Pension Debt Service	7.1	6.3	5.5	5.7	5.9
Total Debt Service	22.1	21.3	27.9	28.1	28.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	17.2	68.1	10.5	12.3	76.9
Cash Balance - January 1	79.3	59.7	77.3	41.5	17.4
Total Cash Available for Capital Projects or Debt Pre-payment	96.5	127.8	87.8	53.8	94.3
Total CIP	(37.8)	(44.5)	(40.3)	(30.4)	(76.1)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	59.7	77.3	41.5	17.4	12.2
Senior Debt Service Coverage (1.25x test)	2.62	2.63	1.71	1.80	2.02
Subordinate Debt Service Coverage (1.0x test)	3.42	3.87	2.91	3.16	3.86
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	10.0	10.0	6.5	6.5	5.0
\$\$\$ of FCCs Removed from Calculation	10.0	10.0	6.5	6.5	5.0
Internal Senior Debt Coverage (1.0x test)	1.95	1.96	1.42	1.51	1.79

2023-2027 Five-Year Forecast (in millions)

Water Utility Only	Proposed <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Total Debt Proceeds	-	50.0	-	-	60.0
Total Revenues	69.8	70.6	72.6	76.9	79.2
Total Maintenance and Operation Costs	41.9	41.3	43.3	49.0	46.7
Net Revenues	27.9	29.4	29.3	27.9	32.5
Senior Debt Service	11.5	11.4	19.0	19.3	19.0
Pension Debt Service	4.7	4.2	3.7	3.8	3.9
Total Debt Service	16.2	15.6	22.7	23.1	23.0
CIP Expenditures	-	-	-	-	-
CIP - IT Master Plan	-	-	-	-	-
Cash Available from Current Year Activities for Capital Projects or Other Improvements	11.7	63.7	6.6	4.9	69.5
Cash Balance - January 1	39.6	32.4	57.7	27.5	4.9
Total Cash Available for Capital Projects or Debt Pre-payment	51.3	96.1	64.3	32.4	74.4
Total CIP	(22.7)	(35.3)	(33.6)	(24.3)	(70.2)
Debt Reserve Paydown on New Debt Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts-Insurance, FEMA and OES	7.0	-	-	-	-
Cash Balance - December 31	32.4	57.7	27.5	4.9	1.1
Senior Debt Service Coverage (1.25x test)	2.42	2.57	1.54	1.45	1.71
Subordinate Debt Service Coverage (1.0x test)	3.47	4.28	2.79	2.27	3.44
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	5.90	5.90	3.84	3.84	2.95
\$\$\$ of FCCs Removed from Calculation	5.90	5.90	3.84	3.84	2.95
Internal Senior Debt Coverage (1.0x test)	1.91	2.05	1.34	1.25	1.55

2023-2027 Five-Year Forecast (in millions)

Wastewater Utility Only	Proposed <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Total Debt Proceeds	-	-	-	-	-
Total Revenues	33.4	35.1	35.4	37.2	37.9
Total Maintenance and Operation Costs	22.0	25.1	26.2	24.7	25.2
Net Revenues	11.4	10.0	9.1	12.5	12.7
Senior Debt Service	3.5	3.5	3.4	3.2	3.4
Pension Debt Service	2.4	2.1	1.9	1.9	2.0
Total Debt Service	5.9	5.6	5.3	5.1	5.4
Cash Available from Current Year Activities for Capital Projects or Other Improvements	5.5	4.4	3.9	7.4	7.3
Cash Balance - January 1	39.7	27.3	19.6	14.0	12.5
Total Cash Available for Capital Projects or Debt Pre-payment	45.2	31.7	23.5	21.4	19.8
Total CIP	(15.1)	(9.2)	(6.6)	(6.1)	(5.8)
Debt Reserve Paydown on New Debt Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts-Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	27.3	19.6	14.0	12.5	11.1
Senior Debt Service Coverage (1.25x test)	3.25	2.84	2.66	3.93	3.73
Subordinate Debt Service Coverage (1.0x test)	3.32	3.07	3.07	4.83	4.70
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	4.10	4.10	2.67	2.67	2.05
\$\$\$ of FCCs Removed from Calculation	4.10	4.10	2.67	2.67	2.05
Internal Senior Debt Coverage (1.0x test)	2.08	1.68	1.89	3.09	3.13

Discussion/Questions