

CRESTLINE-LAKE ARROWHEAD WATER AGENCY

Financial Plan Report

Final Report / April 23, 2024



April 23, 2025

Ms. Jennifer Spindler, MPA
General Manager
Crestline-Lake Arrowhead Water Agency
P.O. Box 3880 – 24116 Crest Forest Drive
Crestline, CA 92325-3880

Subject: Financial Plan Review

Dear Ms. Spindler,

Raftelis is pleased to provide this Financial Plan report to the Crestline-Lake Arrowhead Water Agency (Agency). This report presents the assumptions, analyses, and results of projecting revenue and expenses over the next 10 years. The results of the financial model are highly dependent on the assumptions and inputs, therefore, we fully describe each in this report.

If you have any questions, please do not hesitate to call me at 213-262-9308.

Sincerely,
Raftelis

A handwritten signature in blue ink that reads 'Steve Gagnon'.

Steve Gagnon, PE (Arizona)
Manager

A handwritten signature in blue ink that reads 'Richardson Irvine'.

Richardson Irvine
Associate Analyst

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1 Financial Plan

Crestline Lake Arrowhead Water Agency (CLAWA or Agency) engaged Raftelis to review its financial health by preparing a financial plan. This financial plan projects the Agency's financial health by projecting revenue and expenses to assess whether revenue is adequate. To project revenue and expenses, Raftelis projects customer counts and water use, rate and non-rate revenues, O&M and capital expenses. We compare revenue and expenses and project reserve balances compared to target reserve balances, as established by CLAWA policies, to assess if revenue is sufficient to maintain the Agency's reserve targets.

This financial plan is the basis for recommending revenue (rate) increases. This financial plan recommends revenue increases, from FY 2026 to FY 2030, to maintain CLAWA's financial health. FY 2026 to FY 2030 is the rate setting period, however, we have shown a financial planning period out to FY 2034.

Customer Accounts and Water Use

We project revenue by multiplying charges by the number of customer accounts and water used by the volumetric rate. CLAWA staff provided customer accounts for FY 2023 and water use data for FY 2023 and FY 2024. This financial plan assumes that the customer count remains the same due to the low number of new customers in a typical year.

Table 1-1 shows the customer accounts by customer class and meter size for FY 2023. The number of accounts is used to project fixed charge revenue.

Table 1-1: Customer Accounts

Meter Counts		FY 2023
Meter Count		
Rate Code		
Annual Service Charge Accounts		
2C		2
2T		19
3C		0
3T		3
4C		1
4T		9
6C		1
6T		3
Total Purveyors Accounts		38
Monthly Service Charge Accounts		
5/8"		1,036
1"		166
1 1/2"		6
2"		19
3"		5
4"		5
6"		4
8"		7
Total Monthly Accounts		1,248
Private Fire Charges		
1"		0
1 1/2"		0
2"		0
2 1/2"		0
3"		1
4"		4
6"		4
8"		7
Total Retail Accounts		16
Total Accounts		1,302
RF - Private Fire Hydrants		12
Total Accounts		1,314

Table 1-2 shows actual water use data for FY 2023 and FY 2024 in hundred cubic feet (hcf). One hundred cubic feet is equal to 748 gallons. **Table 1-2** also shows the assumed water sales volume for FY 2025 and beyond. As shown by Agency data, the volume of water sold in FY 2024 was very low due to high snowfall followed by high rainfall and a hurricane. This weather likely deterred seasonal owners from visiting their second homes. For the financial plan, we have assumed that sales volume recovers approximately half of the lost sales in FY 2025. For FY 2026 we have assumed that sales will return to historical levels.

Table 1-2: Projected Billed Customer Use (hcf)

Water Use (hcf)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Tax Exempt/Public Agencies	27,126	7,885	17,505	27,126	27,126	27,126	27,126	27,126	27,126	27,126	27,126	27,126
Wholesale Purveyors	399,050	222,520	310,785	399,050	399,050	399,050	399,050	399,050	399,050	399,050	399,050	399,050
Tax Payer Retail	80,236	76,760	78,498	80,236	80,236	80,236	80,236	80,236	80,236	80,236	80,236	80,236
Silverwood	45,173	32,262	27,651	45,173	45,173	45,173	45,173	45,173	45,173	45,173	45,173	45,173
Total Consumption (hcf)	551,585	339,427	434,440	551,585	551,585	551,585	551,585	551,585	551,585	551,585	551,585	551,585
Volume Compared to FY 2023		-38%	-21%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Current Rates and Revenue

Table 1-3 and **Table 1-4** show the Agency's current fixed charges and volumetric rates, respectively, which were used to calculate revenue.

Table 1-3: Current Fixed Charges

Current Fixed Charges	FY 2024
Annual Service Charge	
Meter Size	
2C	\$794
2T	\$1,183
3C	\$1,572
3T	\$2,611
4C	\$2,449
4T	\$7,317
6C	\$4,884
6T	\$14,620
Monthly Service Charge	
Rate Code	
5/8"	\$23.74
1"	\$39.97
1 1/2"	\$67.01
2"	\$99.44
3"	\$202.22
4"	\$353.67
6"	\$716.08
8"	\$1,527.44
Private Fire Charges	
1"	\$15.53
1 1/2"	\$20.54
2"	\$29.15
2 1/2"	\$42.12
3"	\$60.09
4"	\$113.45
6"	\$304.96
8"	\$304.96

Table 1-4: Current Consumption Rates (\$/hcf)

Volumetric Rates	FY 2024
Tax Exempt/Public Agencies	\$5.59
Wholesale Purveyors	\$3.77
Tax Payer Retail	\$3.77
Silverwood	\$3.23

Agency staff provided the revenue budget for FY 2024 and actual water sales volumes. To ensure we have the right number of accounts and water use with which to set rates, we calculated revenue using the current water rates in **Table 1-3** and **Table 1-4**, multiplied by customer count and water use. For fiscal year FY 2025 and beyond, we assumed that 60% of water is sold during the hotter 1st half of the fiscal year and 40% is sold during the second half of the fiscal year. **Table 1-5** shows the calculated rate revenue under current rates.

Table 1-5: Calculated Rate Revenue (Without Revenue Increases)

Calculated Revenue	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Revenue										
Fixed Charge - Purveyors - Anr	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944	\$148,944
Fixed Monthly Charge	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283	\$598,283
Volumetric Revenue	\$1,654,767	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451	\$2,104,451
Fire	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421	\$46,421
Subtotal Revenue	\$2,448,415	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100

The Agency also receives revenue from other sources such as interest income, property taxes, and standby charge revenue. **Table 1-6** shows the revenue escalation factors to project future property tax revenue (general distribution)¹, and interest income. The Agency also receives property tax, different from the general distribution shown in **Table 1-7**, to fund its State Water Project (SWP) water supply and delivery costs. This revenue is kept separate from the water rates calculation, since it is a separate funding source to pay pre-existing voter approved indebtedness and therefore that is not governed by Proposition 218. The general distribution property tax revenues, shown in **Table 1-7**, are expected to increase by two percent per year, based on the maximum increase to assessed value of real property set by Proposition 13. The Agency invests a portion of its water utility reserves, and the reserve interest rate represents a composite return on total reserves.

Table 1-6: Revenue Escalation Factors

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Property Tax Revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest Rate	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Table 1-7 shows the total projected revenues (rate and non-rate revenue), without revenue increases, for the study period. The water sales revenue in **Table 1-7** was derived in **Table 1-5**.

Table 1-7: Projected Revenues (No Revenue Adjustments)

Revenue	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Water Sales - Water	\$2,448,415	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100
All Other Revenue	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Non-Operating Revenue										
Interest Income	\$653,373	\$491,623	\$489,794	\$482,394	\$469,034	\$449,288	\$422,707	\$388,817	\$347,117	\$297,080
Property Taxes	\$969,000	\$988,380	\$1,008,148	\$1,028,311	\$1,048,877	\$1,069,854	\$1,091,251	\$1,113,076	\$1,135,338	\$1,158,045
Standby Revenue	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
TOTAL REVENUE	\$4,771,238	\$5,078,553	\$5,096,491	\$5,109,254	\$5,116,461	\$5,117,692	\$5,112,508	\$5,100,443	\$5,081,005	\$5,053,675

Expenses

Raftelis escalated the Agency's FY 2025 operating expense budget. **Table 1-8** shows the expense escalation factors used to escalate the Agency's budget. A summary of the expenses is shown later in **Table 1-11** – which is known as the financial plan.

Table 1-8: Expense Escalation Factors

Expenses Assumptions	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
General	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Salary/Benefits	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water Supply	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Utilities/Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Capital	5.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

¹ The Agency receives two types of property tax revenue: A general distribution and also property tax revenue from a tax levied each year to pay the cost of delivering water from the State Water Project. The property tax line shown in Table 1-7 refers to the general distribution of property tax.

Capital Improvement Plan

Table 1-9 shows the Agency's Capital Improvement Plan. However, these capital costs are funded by tax revenue and therefore CIP expenses are not shown in the financial plan: **Table 1-11**, because rate revenue does not recover capital costs. Therefore **Table 1-9**, is shown for informational purposes only.

Reserve Policy

The Agency currently maintains two reserves/funds, per its reserve policy, the General Fund Reserve and the State Water Project (SWP) Reserve Fund. The reserve target for the General Fund is set at 50 percent of the annual operating expenses and the target for the SWP Reserve Fund is the sum of the next five years of projected payments to the Department of Water Resources (DWR) to pay State Water Contract obligations. **Table 1-10** shows the reserve targets.

Table 1-9: Capital Improvement Plan

CIP	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Near Term Projects	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238	\$450,238
Distribution Lines Repair & Replacement	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611	\$362,611
Tank Recoating	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Total	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849	\$1,212,849

Table 1-10: Reserve Targets

Reserve Targets	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Total O&M and SWP Reserve Target	\$19,674,797	\$19,851,147	\$19,886,595	\$20,051,278	\$20,086,769	\$20,440,126	\$19,974,407	\$19,550,269	\$19,083,129	\$18,662,493
O&M Reserve Target	\$2,390,750	\$2,485,023	\$2,583,149	\$2,685,291	\$2,791,620	\$2,902,313	\$3,017,554	\$3,137,537	\$3,262,464	\$3,392,544
State Water Project Reserve Target	\$17,284,047	\$17,366,124	\$17,303,446	\$17,365,987	\$17,295,149	\$17,537,813	\$16,956,853	\$16,412,732	\$15,820,665	\$15,269,949
Total	\$19,674,797	\$19,851,147	\$19,886,595	\$20,051,278	\$20,086,769	\$20,440,126	\$19,974,407	\$19,550,269	\$19,083,129	\$18,662,493

Financial Plan without Revenue Increases

Table 1-11 shows the financial plan *without* revenue increases. Net cash flow is equal to revenues less operating expenses. The cash flow is negative for all years, which shows that the Agency's current revenues are insufficient to cover its operating expenses.

As shown in **Table 1-12**, the projected fund balances, without revenue adjustments fall below reserve policy targets, which are shown in the last line of the table. The table includes a repayment from the general fund. This is a payment from the general fund to the State Water Project Reserve for a prior loan to the general fund. Due to the negative cash flow in all years, as shown in **Table 1-11**, the Agency is drawing down its reserves and will not meet reserve targets.

Table 1-11: Projected Financial Plan (No Revenue Increases)

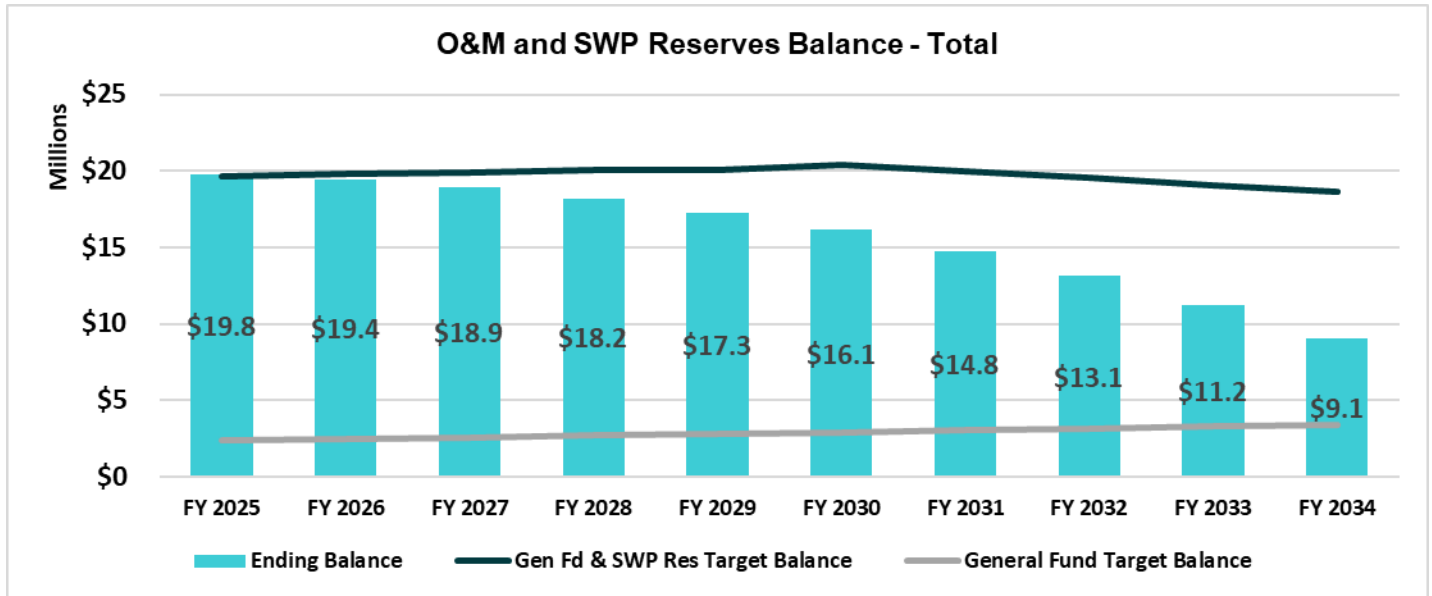
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Rate Revenue	\$2,448,415	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100
Fiscal Year Adjustment										
FY 2026 0.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 2027 0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 2028 0.0%				\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 2029 0.0%					\$0	\$0	\$0	\$0	\$0	\$0
FY 2030 0.0%						\$0	\$0	\$0	\$0	\$0
Additional Rate Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Revenue	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Non-Operating Revenue										
Interest Income	\$653,373	\$491,623	\$489,794	\$482,394	\$469,034	\$449,288	\$422,707	\$388,817	\$347,117	\$297,080
Property Tax - General Distribution	\$969,000	\$988,380	\$1,008,148	\$1,028,311	\$1,048,877	\$1,069,854	\$1,091,251	\$1,113,076	\$1,135,338	\$1,158,045
Standby Revenue	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Total Revenue	\$4,771,238	\$5,078,553	\$5,096,491	\$5,109,254	\$5,116,461	\$5,117,692	\$5,112,508	\$5,100,443	\$5,081,005	\$5,053,675
Expenses (Excl. Tax Funded Costs)										
Administrative Expenses	\$4,781,500	\$4,970,045	\$5,166,297	\$5,370,583	\$5,583,241	\$5,804,626	\$6,035,109	\$6,275,075	\$6,524,927	\$6,785,087
General Plant Assets	\$95,000	\$99,750	\$103,740	\$106,852	\$110,058	\$113,359	\$116,760	\$120,263	\$123,871	\$127,587
7000 Accounts	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500
Rate Funded CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$4,956,000	\$5,149,295	\$5,349,537	\$5,556,935	\$5,772,798	\$5,997,486	\$6,231,369	\$6,474,838	\$6,728,298	\$6,992,174
Net Cash Flow	(\$184,762)	(\$70,742)	(\$253,046)	(\$447,681)	(\$656,338)	(\$879,793)	(\$1,118,861)	(\$1,374,395)	(\$1,647,294)	(\$1,938,499)

Table 1-12: Projected Ending Balances (No Revenue Increases)

General Fund & SWP Reserve	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Beginning General Fund Balance	\$1,218,541	\$1,033,779	\$963,037	\$709,991	\$262,310	(\$394,028)	(\$1,273,821)	(\$2,392,682)	(\$3,767,077)	(\$5,414,370)
Net Cash Flow	(\$184,762)	(\$70,742)	(\$253,046)	(\$447,681)	(\$656,338)	(\$879,793)	(\$1,118,861)	(\$1,374,395)	(\$1,647,294)	(\$1,938,499)
Ending General Fund Balance	\$1,033,779	\$963,037	\$709,991	\$262,310	(\$394,028)	(\$1,273,821)	(\$2,392,682)	(\$3,767,077)	(\$5,414,370)	(\$7,352,870)
SWP Reserve										
Beginning SWP Balance	\$15,534,841	\$15,634,841	\$15,734,841	\$15,834,841	\$15,934,841	\$16,034,841	\$16,134,841	\$16,234,841	\$16,334,841	\$16,434,841
Loan to General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment from General Fund	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0
Ending SWP Balance	\$15,634,841	\$15,734,841	\$15,834,841	\$15,934,841	\$16,034,841	\$16,134,841	\$16,234,841	\$16,334,841	\$16,434,841	\$16,434,841
Total Ending Balance - O&M and SWI	\$16,668,620	\$16,697,878	\$16,544,832	\$16,197,151	\$15,640,813	\$14,861,020	\$13,842,159	\$12,567,764	\$11,020,471	\$9,081,971
Target	\$19,674,797	\$19,851,147	\$19,886,595	\$20,051,278	\$20,086,769	\$20,440,126	\$19,974,407	\$19,550,269	\$19,083,129	\$18,662,493

Figure 1-1 shows the Agency’s projected fund ending balances, *without* revenue adjustments. The blue bars are the reserve balances and the total recommended reserve target is the dark blue line. The Agency’s water reserves are projected to fall below the reserve targets in without revenue adjustments.

Figure 1-1: Projected Ending Balances (No Adjustments)



Proposed Financial Plan

As shown in the previous section, the Agency will fall below its reserve targets without revenue adjustments. **Table 1-13** shows the recommended revenue adjustments to meet the reserve targets and fund projected expenses. For this study, the revenue increases are the same as rate increases. This study relies on the Cost of Service analysis performed as part of the prior 2019 Cost of Service and Rate Study to set rates. The current rates, discussed in Section 2, are increased by the percentages shown in **Table 1-13** to yield the proposed rates.

Table 1-13: Proposed Revenue Adjustments

A	B	C	D
Line	Year	Month	Revenue Adjustment
1	FY 2026	July	9.5%
2	FY 2027	July	9.5%
3	FY 2028	July	9.5%
4	FY 2029	July	8.5%
5	FY 2030	July	4.0%

Table 1-14 shows the proposed financial plan with the revenue adjustments shown in **Table 1-13**. The revenue adjustments were selected to minimize customers impacts. The proposed revenue adjustments will slowly bring reserves close to the target in FY 2030 as shown in **Figure 1-3**.

Table 1-14: Projected Financial Plan (Proposed Adjustments)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Rate Revenue	\$2,448,415	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100	\$2,898,100
Fiscal Year Adjustment										
FY 2026 9.5%		\$275,319	\$275,319	\$275,319	\$275,319	\$275,319	\$275,319	\$275,319	\$275,319	\$275,319
FY 2027 9.5%			\$301,475	\$301,475	\$301,475	\$301,475	\$301,475	\$301,475	\$301,475	\$301,475
FY 2028 9.5%				\$330,115	\$330,115	\$330,115	\$330,115	\$330,115	\$330,115	\$330,115
FY 2029 8.5%					\$323,426	\$323,426	\$323,426	\$323,426	\$323,426	\$323,426
FY 2030 4.0%						\$165,137	\$165,137	\$165,137	\$165,137	\$165,137
Additional Rate Revenue	\$0	\$275,319	\$576,794	\$906,909	\$1,230,335	\$1,395,472	\$1,395,472	\$1,395,472	\$1,395,472	\$1,395,472
All Other Revenue	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Non-Operating Revenue										
Interest Income	\$653,373	\$495,753	\$506,829	\$522,196	\$542,089	\$563,922	\$582,644	\$595,416	\$601,778	\$601,246
Property Tax - General Distribution	\$969,000	\$988,380	\$1,008,148	\$1,028,311	\$1,048,877	\$1,069,854	\$1,091,251	\$1,113,076	\$1,135,338	\$1,158,045
Standby Revenue	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Total Revenue	\$4,771,238	\$5,358,002	\$5,690,321	\$6,055,966	\$6,419,850	\$6,627,798	\$6,667,918	\$6,702,514	\$6,731,138	\$6,753,313
Expenses (Excl. Tax Funded Costs)										
Administrative Expenses	\$4,781,500	\$4,970,045	\$5,166,297	\$5,370,583	\$5,583,241	\$5,804,626	\$6,035,109	\$6,275,075	\$6,524,927	\$6,785,087
General Plant Assets	\$95,000	\$99,750	\$103,740	\$106,852	\$110,058	\$113,359	\$116,760	\$120,263	\$123,871	\$127,587
7000 Accounts	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500	\$79,500
Rate Funded CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$4,956,000	\$5,149,295	\$5,349,537	\$5,556,935	\$5,772,798	\$5,997,486	\$6,231,369	\$6,474,838	\$6,728,298	\$6,992,174
Net Cash Flow	(\$184,762)	\$208,707	\$340,784	\$499,031	\$647,052	\$630,313	\$436,549	\$227,676	\$2,840	(\$238,862)

Table 1-15: Projected Ending Balances (Proposed Adjustments)

General Fund & SWP Reserve	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Beginning General Fund Balance	\$1,218,541	\$1,033,779	\$1,242,486	\$1,583,270	\$2,082,300	\$2,729,352	\$3,359,665	\$3,796,214	\$4,023,890	\$4,026,730
Net Cash Flow	(\$184,762)	\$208,707	\$340,784	\$499,031	\$647,052	\$630,313	\$436,549	\$227,676	\$2,840	(\$238,862)
Ending General Fund Balance	\$1,033,779	\$1,242,486	\$1,583,270	\$2,082,300	\$2,729,352	\$3,359,665	\$3,796,214	\$4,023,890	\$4,026,730	\$3,787,868
SWP Reserve										
Beginning SWP Balance	\$15,534,841	\$15,634,841	\$15,734,841	\$15,834,841	\$15,934,841	\$16,034,841	\$16,134,841	\$16,234,841	\$16,334,841	\$16,434,841
Loan to General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment from General Fund	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0
Ending SWP Balance	\$15,634,841	\$15,734,841	\$15,834,841	\$15,934,841	\$16,034,841	\$16,134,841	\$16,234,841	\$16,334,841	\$16,434,841	\$16,434,841
Total Ending Balance - O&M and SWP	\$16,668,620	\$16,977,327	\$17,418,111	\$18,017,141	\$18,764,193	\$19,494,506	\$20,031,055	\$20,358,731	\$20,461,571	\$20,222,709
Target	\$19,674,797	\$19,851,147	\$19,886,595	\$20,051,278	\$20,086,769	\$20,440,126	\$19,974,407	\$19,550,269	\$19,083,129	\$18,662,493

Figure 1-2 shows the financial plan with proposed revenue adjustments from Table 1-12. The net cashflow is shown as the yellow portion of the bar. When it is above the x-axis, it signifies funding of reserves. When the net cashflow is below the x-axis, this signifies use of reserves.

Figure 1-2: Financial Plan (With Proposed Revenue Increases)

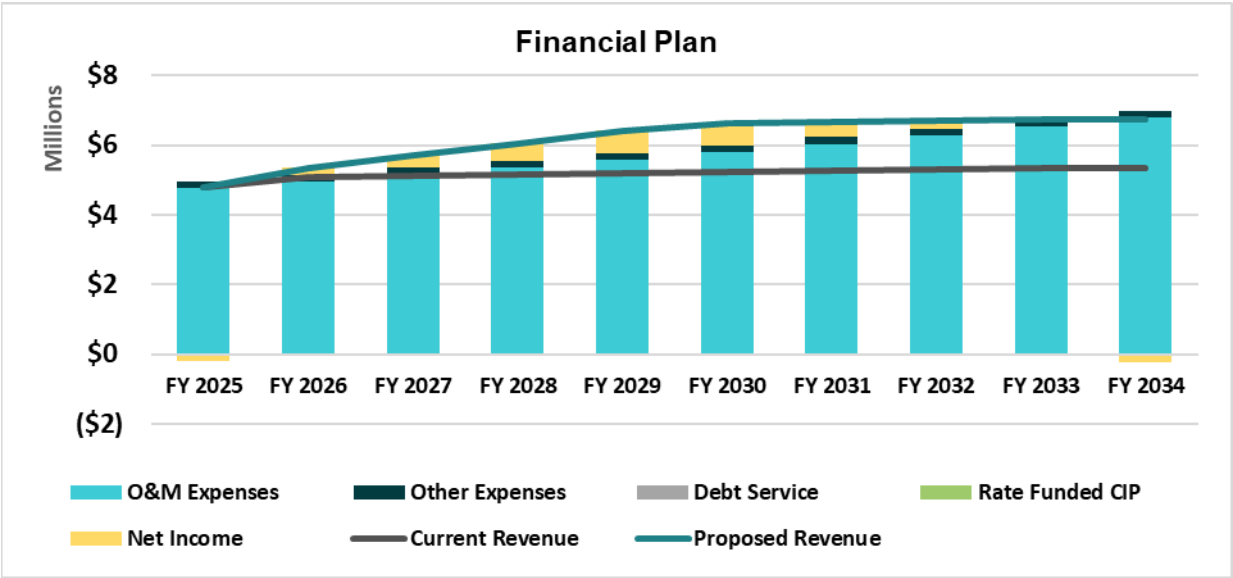
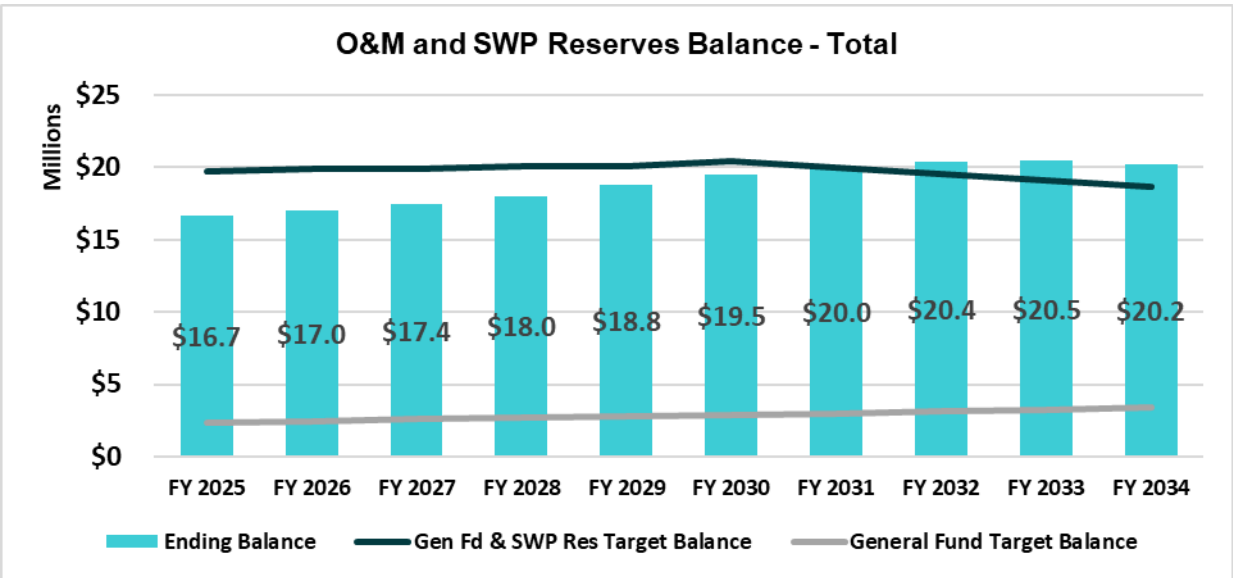


Figure 1-3 shows the projected ending cash balances with the proposed revenue adjustments. The proposed revenue increases are forecast to bring reserves close to target in FY 2030.

Figure 1-3: Projected Ending Balances (Proposed Adjustments)



2 Proposed Rates and Charges

The proposed rates² are shown in this section. The rates escalate the prior rates derived in the October 2019 Raftelis Rate Study by the percentage increases shown in **Table 1-13**. The prior, 2019 Cost of Service and Rate Study included a Cost of Service study to properly allocate costs to customer classes. For a full derivation of the rates, a reader is referred to the October 2019 Raftelis Cost of Service and Rate Study.

This financial plan report shows the financial plan for a 10-year period. However, the Agency is setting rates for the five-year period from FY 2026 to FY 2030. Note that the revenue increases and rates shown in this report are the maximum that the Agency can charge without sending a notice to customers and holding a public hearing under Proposition 218. The Agency can charge *less* than the rates shown in this section without sending a notice and holding a public hearing.

Proposed Water Rates

Table 2-1 shows the five-year rate schedule for fixed annual meter charges, fixed monthly meter charges, and fixed monthly fire service charges. **Table 2-2** shows the consumption (volumetric) rates. The rates are proposed for implementation on July of 2025. The rates are calculated by escalating the current rates by the revenue increase percentages shown in **Table 1-13** for each year of the study, rounded up to the dollar for annual charges and to the nearest penny for monthly charges.

² The term rates is often used to mean both rates and charges. Rates are a rate per hundred cubic feet of use and a charge is a charge by meter size, no matter the volume of water use.

**Table 2-1: Proposed Fixed Meter Charges and Private Fire Charges –
Purveyors and Retailers (\$/meter size)**

Meter Size	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Annual Service Charge						
Meter Size						
2C	\$794.00	\$869.00	\$952.00	\$1,042.00	\$1,131.00	\$1,176.00
2T	\$1,183.00	\$1,295.00	\$1,418.00	\$1,553.00	\$1,685.00	\$1,752.00
3C	\$1,572.00	\$1,721.00	\$1,884.00	\$2,063.00	\$2,238.00	\$2,328.00
3T	\$2,611.00	\$2,859.00	\$3,131.00	\$3,428.00	\$3,719.00	\$3,868.00
4C	\$2,449.00	\$2,682.00	\$2,937.00	\$3,216.00	\$3,489.00	\$3,629.00
4T	\$7,317.00	\$8,012.00	\$8,773.00	\$9,606.00	\$10,423.00	\$10,840.00
6C	\$4,884.00	\$5,348.00	\$5,856.00	\$6,412.00	\$6,957.00	\$7,235.00
6T	\$14,620.00	\$16,009.00	\$17,530.00	\$19,195.00	\$20,827.00	\$21,660.00
Monthly Service Charge						
Meter Size						
5/8"	\$23.74	\$26.00	\$28.46	\$31.17	\$33.82	\$35.17
1"	\$39.97	\$43.77	\$47.93	\$52.48	\$56.94	\$59.22
1 1/2"	\$67.01	\$73.38	\$80.35	\$87.98	\$95.46	\$99.28
2"	\$99.44	\$108.89	\$119.23	\$130.56	\$141.66	\$147.32
3"	\$202.22	\$221.43	\$242.47	\$265.50	\$288.07	\$299.59
4"	\$353.67	\$387.27	\$424.06	\$464.34	\$503.81	\$523.97
6"	\$716.08	\$784.11	\$858.60	\$940.16	\$1,020.08	\$1,060.88
8"	\$1,527.44	\$1,672.55	\$1,831.44	\$2,005.43	\$2,175.89	\$2,262.92
Private Fire Charges						
Connection Size						
1"	\$15.53	\$17.01	\$18.62	\$20.39	\$22.12	\$23.01
1 1/2"	\$20.54	\$22.49	\$24.63	\$26.97	\$29.26	\$30.43
2"	\$29.15	\$31.92	\$34.95	\$38.27	\$41.53	\$43.19
2 1/2"	\$42.12	\$46.12	\$50.50	\$55.30	\$60.00	\$62.40
3"	\$60.09	\$65.80	\$72.05	\$78.89	\$85.60	\$89.02
4"	\$113.45	\$124.23	\$136.03	\$148.95	\$161.61	\$168.08
6"	\$304.96	\$333.93	\$365.65	\$400.39	\$434.43	\$451.80
8"	\$304.96	\$333.93	\$365.65	\$400.39	\$434.43	\$451.80

Table 2-2: Proposed Consumption Rates (\$ / hcf)

Volumetric Rates	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tax Exempt/Public Agencies	\$5.59	\$6.12	\$6.70	\$7.34	\$7.96	\$8.28
Wholesale Purveyors	\$3.77	\$4.13	\$4.52	\$4.95	\$5.37	\$5.59
Tax Payer Retail	\$3.77	\$4.13	\$4.52	\$4.95	\$5.37	\$5.59
Silverwood	\$3.23	\$3.54	\$3.87	\$4.24	\$4.60	\$4.79

Customer Impacts

Expected customer impacts are the same as the revenue adjustments. If a customer continues to use the same amount of water, their bill is expected to go up by the annual percentages shown in Table 1-13 each year for five year as the rate increases are implemented. Bill impacts are the same as the revenue increases, assuming the customer uses the same volume of water. Customers who conserve water would realize a lower bill.

Water Rate Survey

Raftelis conducted a rate survey to benchmark current and proposed water rates against neighboring or similar water service providers. While a useful benchmark, it is worth noting that such comparisons only paint a partial picture since many factors, such as water sources, age and replacement of infrastructure, service area characteristics, revenue sources, and other local conditions affect the total cost of providing water service.

Figure 2-1 shows a water bill comparison for the current (FY 2025) and proposed (FY 2026) rates. The survey assumes a customer with a 5/8” meter with a monthly consumption of 4 hundred cubic feet of use within each agency listed.

Figure 2-1: Water Bill Comparison

