

Serrano Water District Projected Overview and Analysis

Rate Increase Objectives:

- Pay for required Capital Projects and Debt Service
- Pay for new operation and maintenance costs, including new PFAS water quality requirements

Proposed Rate Increase Impact	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
RTS/Fix Meter Rate (2,275 Meter) Increase %	0%	5.0%	5.0%	4.5%	4.5%	4.5%
Volumetric/Unit Rate Increase %	0%	5.0%	5.0%	4.5%	4.5%	4.5%

SWD Projected Operating Results (w/Proposed Rate Increases)

Fiscal Year Ended June 30	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operating Revenue						
Water Sales - Domestic	4,939,280	5,319,179	5,585,138	5,836,469	6,099,110	6,373,570
Other Operating Revenue	1,864,322	1,911,643	2,035,863	2,084,162	2,144,000	2,181,236
Total Operating Revenues	\$6,803,602	\$7,230,822	\$7,621,001	\$7,920,631	\$8,243,110	\$8,554,806
O&M Expenses						
Operations & Maintenance	4,094,892	4,768,236	4,871,207	5,005,867	5,144,555	5,287,402
PFAS Treatment		165,000	169,125	173,353	177,687	182,129
Total O&M Expenses	\$4,094,892	\$4,933,236	\$5,040,332	\$5,179,220	\$5,322,242	\$5,469,531
Net Revenues before Payment of Debt Service on Required Capital Projects	\$2,708,710	\$2,297,587	\$2,580,668	\$2,741,412	\$2,920,868	\$3,085,275
Debt Service Obligations						
Existing - OCWD Debt	14,249	-	-	-	-	-
Existing - Holman/Mega Bank Debt	411,773	411,773	411,773	411,773	411,773	411,773
Proposed Debt Service	0	0	0	0	1,363,275	1,363,275
Total Debt Service	\$426,022	\$411,773	\$411,773	\$411,773	\$1,775,048	\$1,775,048

Debt Service Coverage Ratio	6.36	5.58	6.27	6.66	1.65	1.74
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Net Revenue Available for Annual Capital Improvement Expenditures	\$2,282,688	\$1,885,814	\$2,168,895	\$2,329,639	\$1,145,820	\$1,310,227
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Estimated Facility Improvement Cost

Santiago Reservoir (SWD Share)	34,750,000	756,000	901,385	830,769	5,335,692	22,435,000	4,491,154
Smith Reservoir Replacement	6,000,000		2,000,000	2,000,000	2,000,000		
Well Generator	350,000	350,000					
Treatment Plant Retrofit	2,000,000					1,000,000	1,000,000
Main-Line Replacement	2,000,000						1,000,000
Capital Replacements	8,000,000						
Total Capital Projects	\$53,100,000	\$1,106,000	\$2,901,385	\$2,830,769	\$7,335,692	\$23,435,000	\$6,491,154

Facility Improvement Annual Expenditures

Annual Expenditures - Rehabilitation & Replacement Projects	350,000	2,000,000	2,000,000	2,000,000	1,000,000	2,000,000
Annual Expenditures - Santiago Reservoir (Debt)	-	-	-	5,335,692	20,191,500	4,491,154
Annual Expenditures - Santiago Reservoir (Current Available Finds)	756,000	901,385	830,769	-	2,243,500	-
Total CIP Annual Expenditures	\$1,106,000	\$2,901,385	\$2,830,769	\$7,335,692	\$23,435,000	\$6,491,154
<i>Percent Debt Funded (Santiago Reservoir)</i>	0%	0%	0%	100%	90%	100%

Funding Sources

New Debt Proceeds	-	-	-	5,335,692	20,191,500	4,491,154
Current Available Funds	1,106,000	2,901,385	2,830,769	2,000,000	3,243,500	2,000,000
Total Funding Sources	\$1,106,000	\$2,901,385	\$2,830,769	\$7,335,692	\$23,435,000	\$6,491,154

Beginning Reserve Balances	\$7,585,322	\$8,762,010	\$7,746,439	\$7,084,565	\$7,414,204	\$5,316,524
Ending Reserve Balances	\$8,762,010	\$7,746,439	\$7,084,565	\$7,414,204	\$5,316,524	\$4,626,751

Days Cash Ratio	781	573	513	523	365	309
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Reserve Target Levels

<i>Operating Contingency (12 month of OpEx less purchased water)</i>	\$3,074,088	\$3,292,620	\$3,349,679	\$3,436,946	\$3,526,716	\$3,619,068
<i>Remaining Reserves for Emergency Repairs, Water Shortages and Other Contingencies"</i>	\$5,687,922	\$4,453,819	\$3,734,887	\$3,977,258	\$1,789,808	\$1,007,683