

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, Assistant General Manager

Agenda: April 16, 2018

Report

Date: April 13, 2018

Subject: Work Session – Proposed Draft Fiscal Year 2018-2019 and Draft Fiscal Year 2019-2020 Operations Budgets; Draft Fiscal Year 2018/2019 to 2027/2028 Capital Improvement Program (CIP); Draft Fiscal Year 2018/2019 to 2022/2023 District Financing Plan; Proposed Rate Increases for Fiscal Years 2018-2019 and 2019-2020; and Draft Cost of Service and Rate Study

Recommendation:

No Board action required at this time.

Background:

At the April 16 Special Meeting of the Board of Directors, the Board and Staff will conduct a special work session to review the draft Fiscal Years 2018-2019 and 2019-2020 Operations Budgets; the draft Fiscal Year 2018/19 to 2027/28 Capital Improvement Program (CIP); the draft Fiscal Year 2018/19 to 2022/23 Financing Plan and the proposed rate increase for Fiscal Years 2018-2019 and 2019-2020.

In addition, the District's rate consultants, Raftelis Financial Consultants, Inc. will present the results of their Cost of Service and Rate Study and will present a recommendation for restructuring the District's water rates and tier structure.

Operations Budgets and Capital Improvement Program (CIP)

Staff has prepared two years of Operations Budgets, Fiscal Years 2018-2019 (Exhibit A) and 2019-2020 (Exhibit B) for the Board's review if the Board chooses to consider two years of rate increases.

Below is a recap of the current and the projected budgets for the next two fiscal years, without consideration of any rate increases.

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	FY 2017/18 Approved Budget	FY2018/19 Draft Budget	% Change from Prior Year' Budget	FY2019/20 Draft Budget	% Change from Prior Year' Budget
REVENUE					
<i>Water Sales in Million Gallons</i>	560 MG	590 MG		596 MG	
Water Sales (1)	\$10,805,600	\$11,450,000	6.0%	\$11,565,000	1.0%
Non-Operating Revenue	\$1,267,174	\$1,366,236	7.8%	\$1,385,570	1.4%
Total Revenue	\$12,072,774	\$12,816,236	6.2%	\$12,950,570	1.0%
OPERATING EXPENSES	\$8,179,756	\$8,354,018	2.1%	\$8,639,805	3.4%
DEBT SERVICE	\$1,147,697	\$1,146,744	-0.1%	\$1,144,611	-0.2%
CONTRIBUTION TO CIP AND RESERVES	\$2,745,322	\$3,315,474	20.8%	\$3,166,154	-4.5%
(1) FY2018/19 and FY2019/20 Water Sales do not include any rate adjustments - still to be determined Water sales are budgeted using FY17/18 Actual Rates					

Highlights of the draft Operation Budgets and CIP follow below:

Budget to Budget Comparison

- FY2018/19 Operations Budget assumes water sales at 590 MG, up from the 560 MG planned in the FY2017/18 Budget. FY2019/20 assumes 596 MG in water sales. As the rate adjustment is still to be determined, no rate adjustment has been included in the draft budget.
- FY2018/19 water purchases from SFPUC are \$206,000 less than the FY2017/18 budget primarily due to an increased use of local source water. (Note that the District's FY2017/18 investment of \$2.7M in capital improvements at the Denniston Treatment Plant and replacement of the Bridgeport pipeline allow us to utilize more of our local water.)
- The FY2018/19 and FY2019/20 Operations Budgets do not include any water rate increases from SFPUC given SFPUC's latest rate projections.
- Total FY2018/19 Operating Expenses are 2.1% higher than the FY2017/18 (or \$174,000), primarily due to inflationary increases offset by the decrease in water purchases. Total FY2019/20 Operating Expenses are 3.3% higher than the FY2018/19 budget, (or \$286,000) due to inflationary increases

Capital Improvement Program (CIP) – Exhibit C

- \$32,710,000 total 10-year CIP (FY2019 dollars)
- \$18,130,000 total 5-year CIP (average of \$3,626,000 per year)
 - Increase of \$2,390,000 for 5-year CIP over prior year's CIP for the same 5-year period, primarily due to increases in cost estimates for tank recoating/rehabilitation and pipeline projects.

Financing Plan and Proposed Rate Increases

The District utilizes a multi-year financing model (developed in May 2017 by HF&H Consultants and considered to be an industry standard approach) to evaluate the impact of its rate increases on the financial reserves of the District. Staff has updated the model with the draft Fiscal Year 2018-2019 and 2019-2020 Operations budgets and draft Fiscal Years 2019/20 to 2022/23 Capital Improvement Program (CIP). Staff will review the model with the Board (Exhibit D) which summarizes the series of rate increases needed to fund District operating expenses and capital improvement program and to build and maintain an adequate level of reserves.

As discussed in last year's financing plan discussions and as recommended by HF&H in May 2017, ideally, the District should target a Cash Reserve Balance at the beginning of the fiscal year to include:

- 25% of Operating Expenses (for ongoing cashflow requirements; equal to 1 ½ billing cycles; *(approximately \$2.1M)*); *plus*
- 100% of annual Debt Service payments (*\$1.1 Million*); *plus*
- 100% of the year's "Pay as you go" Capital Improvement Projects (*averages \$3.6M per year over next five years*)

For a total of nearly \$6.8M in targeted cash reserves.

Although the District's projected cash reserves at the end of FY2017/18 will still be short of the District's ideal target, the District continues to make significant progress in increasing its reserves given its stronger than projected financial results in FY2017/18 due to higher than projected sales as well as operating expense savings, particularly given increased use of local water sources vs. water purchased from the SFPUC.

In consideration of the Financing Plan, and assuming that the District funds its capital improvements on a "pay as you go" basis (as opposed to obtaining loans,) District Staff recommends that the Board approve two years of rate increases that will support a 4% revenue increase in each of the next two fiscal years. For Fiscal Year 2018-2019, the District would implement a 4% revenue increase effective on and after July 1, 2018. For Fiscal Year 2019-2020, the District would implement a 4% revenue increase effective on and after July 1, 2019.

Cost of Service Analysis and Rate Study

In January 2018, the District retained Raftelis Financial Consultants Inc. to perform a cost of service analysis and to develop a cost of service-based rate structure that supports the District's revenue requirement as determined by the District's financial plan. The cost of service-based rates will comply with the substantive requirements of Proposition 218 as interpreted by the courts, including the April 2015 Appellate Court decision in Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano.

The cost of service analysis is the fundamental benchmark used to establish utility rates in the United States. The cost of service analysis is used to allocate/recover the District's costs to users in proportion to their use of the system, recognizing the impact of each customer class on system facilities and operations.

At the work session, Raftelis will review the results of their Cost of Service and Rate Study and will present their recommendations for changes to the District's rate structure, including restructuring of the District's residential tier breakpoints to reflect service cost allocations. The rate structure will reflect the District's proposed revenue requirement of an overall 4% increase in both Fiscal Years 2018-2019 and 2019-2020, however rate adjustments will vary between customer classes and usage levels as a result of the tier realignment. Based on the Cost of Service and Rate Study, the base service charge is proposed to decrease for all meter sizes, the water consumption quantity charge tier structure is proposed to be realigned from 4 tiers to 3 tiers, and the water consumption quantity charge is proposed to increase. Therefore, some customers will see a decrease or below average increase, while other customers will see an increase higher than the overall increase. The proposed water rate adjustments are shown on the draft Notice of Public Hearing attached to the next agenda item for scheduling a public hearing for the proposed rate increases.

Other Changes

On the draft Notice of Public Hearing Proposed Amendments to Water Rate Schedule (attached to the next agenda item), please note that the "Fire Detector Check Valve Service Charge" has been renamed to "Fire Service Charge."

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YEAR 1 Operations & Maintenance Budget - FY 2018-2019

02-Apr-18		Proposed Budget FY 18/19	FY18/19 Budget Vs. FY 17/18 Budget			Proj Year End FY 17/18	FY 18/19 Budget Vs. FY 17/18 Actual	FY 18/19 Budget Vs. FY 17/18 Actual	YTD Actual FY 17/18 as of February 28, 2018
			Approved FY 17/18						
Account Number	Description		Budget	\$ Change	% Change				
OPERATING REVENUE									
4120	Water Sales *	\$11,300,000	\$10,805,600	\$494,400	4.6%	\$11,300,000	\$0	0.0%	\$7,853,216
Total Operating Revenue		\$11,300,000	\$10,805,600	\$494,400	4.6%	\$11,300,000	\$0	0.0%	\$7,853,216
NON-OPERATING REVENUE									
4170	Hydrant Sales	\$50,000	\$50,000	\$0	0.0%	\$50,000	\$0	0.0%	\$40,121
4180	Late Penalty	\$60,000	\$60,000	\$0	0.0%	\$60,000	\$0	0.0%	\$37,088
4230	Service Connections	\$10,000	\$10,000	\$0	0.0%	\$10,000	\$0	0.0%	\$7,999
4920	Interest Earned	\$6,236	\$6,174	\$62	1.0%	\$6,174	\$62	1.0%	\$5,943
4930	Property Taxes	\$725,000	\$700,000	\$25,000	3.6%	\$725,000	\$0	0.0%	\$510,111
4950	Miscellaneous	\$25,000	\$37,000	-\$12,000	-32.4%	\$25,000	\$0	0.0%	\$14,606
4955	Cell Site Lease Income	\$165,000	\$154,000	\$11,000	7.1%	\$154,000	\$11,000	7.1%	\$103,937
4965	ERAF Refund	\$325,000	\$250,000	\$75,000	30.0%	\$366,651	-\$41,651	-11.4%	\$366,651
Total Non-Operating Revenue		\$1,366,236	\$1,267,174	\$99,062	7.8%	\$1,396,825	-\$30,589	-2.2%	\$1,086,456
TOTAL REVENUES		\$12,666,236	\$12,072,774	\$593,462	4.9%	\$12,696,825	-\$30,589	-0.2%	\$8,939,672
OPERATING EXPENSES									
5130	Water Purchased	\$1,826,618	\$2,106,991	-\$280,373	-13.3%	\$1,850,000	-\$23,382	-1.3%	\$1,301,837
5230	Electrical Exp. Nunes WTP	\$42,697	\$40,280	\$2,417	6.0%	\$40,280	\$2,417	6.0%	\$24,799
5231	Electrical Expenses, CSP	\$337,080	\$318,000	\$19,080	6.0%	\$318,000	\$19,080	6.0%	\$233,574
5232	Electrical	\$26,966	\$25,440	\$1,526	6.0%	\$25,440	\$1,526	6.0%	\$15,390
5233	Elec Exp/Pilarcitos Cyn	\$34,248	\$32,309	\$1,939	6.0%	\$32,309	\$1,939	6.0%	\$19,829
5234	Electrical Exp., Denn	\$130,000	\$92,220	\$37,780	41.0%	\$120,000	\$10,000	8.3%	\$59,983
5242	CSP - Operation	\$10,700	\$10,500	\$200	1.9%	\$10,500	\$200	1.9%	\$6,679
5243	CSP - Maintenance	\$37,000	\$37,000	\$0	0.0%	\$37,000	\$0	0.0%	\$6,154
5246	Nunes WTP Oper	\$77,850	\$72,000	\$5,850	8.1%	\$72,000	\$5,850	8.1%	\$31,867
5247	Nunes WTP Maint	\$115,250	\$122,500	-\$7,250	-5.9%	\$122,500	-\$7,250	-5.9%	\$78,547
5248	Denn. WTP Oper.	\$45,050	\$34,500	\$10,550	30.6%	\$45,000	\$50	0.1%	\$32,789
5249	Denn WTP Maint	\$101,850	\$60,000	\$41,850	69.8%	\$100,000	\$1,850	1.9%	\$61,563
5250	Laboratory Expenses	\$71,450	\$53,000	\$18,450	34.8%	\$59,000	\$12,450	21.1%	\$39,809
5260	Maintenance Expenses	\$291,700	\$291,700	\$0	0.0%	\$291,700	\$0	0.0%	\$184,552
5261	Maintenance, Wells	\$40,000	\$40,000	\$0	0.0%	\$40,000	\$0	0.0%	\$0
5263	Uniforms	\$12,500	\$10,000	\$2,500		\$10,000	\$2,500	25.0%	\$4,764
5318	Studies/Surveys/Consulting	\$160,000	\$160,000	\$0	0.0%	\$160,000	\$0	0.0%	\$52,445
5321	Water Resources	\$25,200	\$37,000	-\$11,800	-31.9%	\$24,000	\$1,200	5.0%	\$9,242
5322	Community Outreach	\$54,700	\$54,700	\$0	0.0%	\$54,700	\$0	0.0%	\$19,550
5381	Legal	\$100,000	\$110,000	-\$10,000	-9.1%	\$100,000	\$0	0.0%	\$30,306
5382	Engineering	\$60,000	\$100,000	-\$40,000	-40.0%	\$60,000	\$0	0.0%	\$24,655
5383	Financial Services	\$20,000	\$20,000	\$0	0.0%	\$20,000	\$0	0.0%	\$13,938
5384	Computer Services	\$163,600	\$144,800	\$18,800	13.0%	\$144,800	\$18,800	13.0%	\$79,319
5410	Salaries, Admin.	\$1,133,881	\$1,150,980	-\$17,099	-1.5%	\$950,000	\$183,881	19.4%	\$573,922

YEAR 1 Operations & Maintenance Budget - FY 2018-2019

02-Apr-18		Proposed Budget FY 18/19	Approved FY 17/18 Budget	FY18/19 Budget Vs. FY 17/18 Budget		Proj Year End FY 17/18	FY 18/19 Budget Vs. FY 17/18 Actual		FY 18/19 Budget Vs. FY 17/18 Actual	YTD Actual FY 17/18 as of February 28, 2018
Account Number	Description			\$ Change	% Change		\$ Change	% Change		
5411	Salaries - Field	\$1,400,505	\$1,266,081	\$134,424	10.6%	\$1,340,000	\$60,505	4.5%		\$876,332
5420	Payroll Taxes	\$177,733	\$170,555	\$7,178	4.2%	\$170,555	\$7,178	4.2%		\$102,743
5435	Employee Medical Insurance	\$444,246	\$447,056	-\$2,809	-0.6%	\$425,000	\$19,246	4.5%		\$260,367
5436	Retiree Medical Insurance	\$50,659	\$47,215	\$3,444	7.3%	\$47,215	\$3,444	7.3%		\$26,580
5440	Employee Retirement	\$598,859	\$544,380	\$54,479	10.0%	\$544,380	\$54,479	10.0%		\$336,119
5445	SIP 401a Plan	\$35,000	\$35,000	\$0	0.0%	\$35,000	\$0	0.0%		\$0
5510	Motor Vehicle Exp.	\$60,000	\$50,700	\$9,300	18.3%	\$60,000	\$0	0.0%		\$48,755
5620	Office & Billing Expenses	\$261,600	\$225,500	\$36,100	16.0%	\$225,500	\$36,100	16.0%		\$150,527
5625	Meetings/Training/Seminars	\$26,000	\$24,000	\$2,000	8.3%	\$24,000	\$2,000	8.3%		\$16,562
5630	Insurance	\$129,000	\$120,000	\$9,000	7.5%	\$126,000	\$3,000	2.4%		\$85,582
5687	Memberships & Subscriptions	\$75,970	\$75,350	\$620	0.8%	\$75,350	\$620	0.8%		\$54,149
5688	Election Expense	\$25,000	\$0	\$25,000		\$0	\$25,000			\$0
5689	Union Expenses	\$6,000	\$6,000	\$0	0.0%	\$6,000	\$0	0.0%		\$0
5700	County Fees	\$20,000	\$20,000	\$0	0.0%	\$20,000	\$0	0.0%		\$12,856
5705	State Fees	\$36,500	\$24,000	\$12,500	52.1%	\$36,000	\$500	1.4%		\$26,620
Total Operating Expenses		\$8,265,411	\$8,179,756	\$85,655	1.0%	\$7,822,229	\$443,182	5.7%		\$4,902,704
CAPITAL ACCOUNTS										
5712	Existing Bonds - 2006B	\$486,383	\$486,776	-\$393	-0.1%	\$486,776	-\$393	-0.1%		\$362,515
5715	Existing Bond-CIEDB 11-099	\$336,126	\$336,269	-\$143	0.0%	\$336,269	-\$143	0.0%		\$336,269
5716	CIEDB 16-111	\$324,235	\$324,652	-\$417		\$324,652	-\$417			\$324,652
Total Capital Accounts		\$1,146,744	\$1,147,697	-\$953	-0.1%	\$1,147,697	-\$953	-0.1%		\$1,023,436
TOTAL REVENUE LESS TOTAL EXPENSE		\$3,254,081	\$2,745,322	\$508,760	18.5%	\$3,726,899	-\$472,818	-12.7%		\$3,013,532
5713	Cont. to CIP & Reserves	\$3,254,081								

* Estimated at 580 MG (increase from 560 MG in FY2017/18 budget)

Does not reflect any rate adjustment - TBD

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YEAR 2 Operations & Maintenance Budget - FY 2019-2020

		Proposed FY 19/20	Proposed FY 18/19	FY19/20 Budget Vs. FY 18/19 Budget	FY19/20 Budget Vs. FY 18/19 Budget		Approved FY 17/18
03-Apr-18							
Account Number	Description	Budget	Budget	\$ Change	% Change		Budget
OPERATING REVENUE							
4120	Water Sales *	\$11,413,000	\$11,300,000	\$113,000	1.0%		\$10,805,600
Total Operating Revenue		\$11,413,000	\$11,300,000	\$113,000	1.0%		\$10,805,600
NON-OPERATING REVENUE							
4170	Hydrant Sales	\$50,000	\$50,000	\$0	0.0%		\$50,000
4180	Late Penalty	\$60,000	\$60,000	\$0	0.0%		\$60,000
4230	Service Connections	\$10,000	\$10,000	\$0	0.0%		\$10,000
4920	Interest Earned	\$6,300	\$6,236	\$64	1.0%		\$6,174
4930	Property Taxes	\$725,000	\$725,000	\$0	0.0%		\$700,000
4950	Miscellaneous	\$25,000	\$25,000	\$0	0.0%		\$37,000
4955	Cell Site Lease Income	\$171,300	\$165,000	\$6,300	3.8%		\$154,000
4965	ERAF Refund	\$338,000	\$325,000	\$13,000	4.0%		\$250,000
Total Non-Operating Revenue		\$1,385,600	\$1,366,236	\$19,364	1.4%		\$1,267,174
TOTAL REVENUES		\$12,798,600	\$12,666,236	\$132,364	1.0%		\$12,072,774
OPERATING EXPENSES							
5130	Water Purchased	\$1,852,720	\$1,826,618	\$26,102	1.4%		\$2,106,991
5230	Electrical Exp. Nunes WTP	\$45,259	\$42,697	\$2,562	6.0%		\$40,280
5231	Electrical Expenses, CSP	\$357,305	\$337,080	\$20,225	6.0%		\$318,000
5232	Electrical	\$28,584	\$26,966	\$1,618	6.0%		\$25,440
5233	Elec Exp/Pilarcitos Cyn	\$36,302	\$34,248	\$2,055	6.0%		\$32,309
5234	Electrical Exp., Denn	\$137,800	\$130,000	\$7,800	6.0%		\$92,220
5242	CSP - Operation	\$11,128	\$10,700	\$428	4.0%		\$10,500
5243	CSP - Maintenance	\$37,000	\$37,000	\$0	0.0%		\$37,000
5246	Nunes WTP Oper	\$80,964	\$77,850	\$3,114	4.0%		\$72,000
5247	Nunes WTP Maint	\$115,250	\$115,250	\$0	0.0%		\$122,500
5248	Denn. WTP Oper.	\$47,000	\$45,050	\$1,950	4.3%		\$34,500
5249	Denn WTP Maint	\$104,000	\$101,850	\$2,150	2.1%		\$60,000
5250	Laboratory Expenses	\$74,000	\$71,450	\$2,550	3.6%		\$53,000
5260	Maintenance Expenses	\$300,000	\$291,700	\$8,300	2.8%		\$291,700
5261	Maintenance, Wells	\$40,000	\$40,000	\$0	0.0%		\$40,000
5263	Uniforms	\$12,500	\$12,500	\$0			\$10,000
5318	Studies/Surveys/Consulting	\$160,000	\$160,000	\$0	0.0%		\$160,000
5321	Water Resources	\$26,200	\$25,200	\$1,000	4.0%		\$37,000
5322	Community Outreach	\$56,900	\$54,700	\$2,200	4.0%		\$54,700
5381	Legal	\$100,000	\$100,000	\$0	0.0%		\$110,000
5382	Engineering	\$62,000	\$60,000	\$2,000	3.3%		\$100,000
5383	Financial Services	\$22,000	\$20,000	\$2,000	10.0%		\$20,000
5384	Computer Services	\$167,600	\$163,600	\$4,000	2.4%		\$144,800
5410	Salaries, Admin.	\$1,179,832	\$1,133,881	\$45,952	4.1%		\$1,150,980
5411	Salaries - Field	\$1,468,260	\$1,400,505	\$67,755	4.8%		\$1,266,081

YEAR 2 Operations & Maintenance Budget - FY 2019-2020

		Proposed FY 19/20	Proposed FY 18/19	FY19/20 Budget Vs. FY 18/19 Budget	FY19/20 Budget Vs. FY 18/19 Budget		Approved FY 17/18
03-Apr-18							
Account Number	Description	Budget	Budget	\$ Change	% Change		Budget
5420	Payroll Taxes	\$184,136	\$177,733	\$6,403	3.6%		\$170,555
5435	Employee Medical Insurance	\$481,419	\$444,246	\$37,173	8.4%		\$447,056
5436	Retiree Medical Insurance	\$55,274	\$50,659	\$4,615	9.1%		\$47,215
5440	Employee Retirement	\$618,869	\$598,859	\$20,010	3.3%		\$544,380
5445	SIP 401a Plan	\$35,000	\$35,000	\$0	0.0%		\$35,000
5510	Motor Vehicle Exp.	\$63,000	\$60,000	\$3,000	5.0%		\$50,700
5620	Office & Billing Expenses	\$272,200	\$261,600	\$10,600	4.1%		\$225,500
5625	Meetings/Training/Seminars	\$27,000	\$26,000	\$1,000	3.8%		\$24,000
5630	Insurance	\$137,000	\$129,000	\$8,000	6.2%		\$120,000
5687	Memberships & Subscriptions	\$78,970	\$75,970	\$3,000	3.9%		\$75,350
5688	Election Expense	\$0	\$25,000	-\$25,000	-100.0%		\$0
5689	Union Expenses	\$6,000	\$6,000	\$0	0.0%		\$6,000
5700	County Fees	\$24,000	\$20,000	\$4,000	20.0%		\$20,000
5705	State Fees	\$36,500	\$36,500	\$0	0.0%		\$24,000
Total Operating Expenses		\$8,541,971	\$8,265,411	\$276,560	3.2%		\$8,179,756
CAPITAL ACCOUNTS							
5712	Existing Bonds - 2006B	\$484,831	\$486,383	-\$1,552	-0.3%		\$486,776
5715	Existing Bond-CIEDB 11-099	\$335,977	\$336,126	-\$149	0.0%		\$336,269
5716	CIEDB 16-111	\$323,803	\$324,235	-\$432			\$324,652
Total Capital Accounts		\$1,144,611	\$1,146,744	-\$2,133	-0.2%		\$1,147,697
TOTAL REVENUE LESS TOTAL EXPENSE		\$3,112,018	\$3,254,081	-\$142,063	-4.4%		\$2,745,322
5713	Cont. to CIP & Reserves	\$3,112,018					

* Estimated at 586 MG (1% volume increase from 580 MG in FY2018/19 budget)

Rate adjustment for FY2018/19 and FY 2019/20 is still TBD - reflects FY2017/18 rates

Project #	Project Name	Comments	FY18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY26/27	FY27/28	FY 18/19 to FY 27/28 Total
Equipment Purchase & Replacement													
06-03	SCADA/Telemetry/Electric Controls Replacement (<i>Backup Communications @ Cahill, PRV controls</i>)		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 500,000
08-10	Backhoe			\$ 200,000									\$ 200,000
15-04	Vactor Truck/Trailer							\$ 500,000					\$ 500,000
19-XX	Valve truck	New FY18-19. Valve truck will replace the valve exercising trailer that was purchased ~10 years ago.			\$ 225,000								\$ 225,000
99-02	Vehicle Replacement	Increase budget by \$10K per year	\$ 100,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 460,000
Equipment Purchase & Replacement Totals			\$ 150,000	\$ 290,000	\$ 315,000	\$ 90,000	\$ 90,000	\$ 590,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 1,885,000

Facilities & Maintenance

08-08	PRV Valves Replacement Project		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000							\$ 120,000
09-09	Fire Hydrant Replacement	Increase from \$40K to \$140K per year	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 1,000,000
15-03	District Administration/Operations Center									\$ 3,000,000			\$ 3,000,000
16-07	Sample Station Replacement Project	Increase from \$20K to \$30K	\$ 30,000										\$ 30,000
17-15	Pilarcitos Canyon Emergency Road Repairs	Moved from FY17/18 to FY18/19 (restoration work from Feb 2017 storms)	\$ 100,000										\$ 100,000
18-13	Denniston WTP and Tank Road Repairs and Paving	New	\$ 100,000										\$ 100,000
99-01	Meter Change Program	Ongoing replacement of larger meters	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 200,000
Facilities and Maintenance Totals			\$ 420,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 160,000	\$ 160,000	\$ 60,000	\$ 3,060,000	\$ 60,000	\$ 60,000	\$ 4,550,000

Pipeline Projects

06-02	Highway 1 South Pipeline Replacement Project	increase from \$500K to \$750K	\$ 750,000										\$ 750,000
07-03	Pilarcitos Canyon Pipeline Replacement	increase from \$600K to \$700K - need SFPUC approval; moved from FY18/19 to FY19/20		\$ 700,000									\$ 700,000
07-04	Bell Moon Pipeline Replacement Project	move up from FY23/24 and FY24/25	\$ 60,000	\$ 250,000									\$ 310,000
13-02	Replace 8 Inch Pipeline Under Creek at Pilarcitos Ave	Add \$50K for design	\$ 50,000			\$ 400,000							\$ 450,000
14-01	Replace 12" Welded Steel Line on Hwy 92 with 8"	Add \$100K for design	\$ 100,000					\$ 1,000,000	\$ 1,000,000	\$ 1,000,000			\$ 3,100,000
14-27	Grandview 2 Inch Replacement	Increased project by \$1M in FY23/24 - due to expanded scope; design in FY18/19	\$ 50,000					\$ 1,450,000					\$ 1,500,000
14-28	Replace 2 Inch Hilltop Market to Spanishtown							\$ 240,000					\$ 240,000
14-29	Replace 2 Inch GS Purissima Way	Move out from FY19/20 to FY20/21			\$ 125,000								\$ 125,000
14-30	Replace Miscellaneous 2 Inch GS El Granada	Move up from FY19/20 to FY18/19	\$ 60,000										\$ 60,000
14-31	Ferdinand Avenue - Replace 4" WS Ferdinand Ave. to Columbus	Increase from \$225K to \$450K; moved out from FY 19/20 to FY20/21 - add design in FY 18/19	\$ 60,000		\$ 450,000								\$ 510,000
14-32	Casa Del Mar - Replace Cast Iron Mains	Add \$350K for PRVs - FY18/19 and FY19/20 -- will allow us to decrease pressure/extend life; pushed out main replacement to FY26/27 and FY27/28 and increaase by \$1M		\$ 350,000							\$ 1,500,000	\$ 1,500,000	\$ 3,350,000
14-33	Miramar Cast Iron Pipeline Replacement	Increase FY24/25 from \$500K to \$1M							\$ 1,000,000	\$ 1,000,000			\$ 2,000,000
16-09	Slipline 10 Inch Pipeline in Magellan at Hwy 1	Move our from FY18/19 to FY20/21			\$ 100,000								\$ 100,000
18-01	Pine Willow Oak - 2400 feet	increase FY21/22 from \$500K to \$1M				\$ 1,000,000							\$ 1,000,000
19-XX	Grand Blvd Pipeline/PRV Loop				\$ 250,000								
NN-00	Unscheduled CIP	Added line item to cover unscheduled CIP that occurs during the year. Removed pipeline replacements in Yrs 6-10	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000
Pipeline Projects Totals			\$ 1,230,000	\$ 1,400,000	\$ 1,025,000	\$ 1,500,000	\$ 100,000	\$ 2,790,000	\$ 2,100,000	\$ 2,100,000	\$ 1,600,000	\$ 1,600,000	\$ 15,195,000

Pump Stations/Tanks/Wells

06-04	Hazen's Tank Removal	move from FY17/18 to FY18/19	\$ 30,000										\$ 30,000
08-14	Alves Tank Recoating, Interior & Exterior	Assumes design work plus start of project in FY18/19; \$600K added from prior CIP	\$ 600,000	\$ 1,500,000									\$ 2,100,000
19-01	EG Tank #1 Recoating, Interior & Exterior	New	\$ 100,000	\$ 500,000	\$ 800,000								\$ 1,400,000
19-XX	Miramar Tank - Chime	new - seismic evaluation in FY18/19	\$ 40,000		\$ 250,000								\$ 290,000

Project #	Project Name	Comments	FY18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY26/27	FY27/28	FY 18/19 to FY 27/28 Total
08-16	Cahill Tank Exterior Recoat	increased from \$75K to \$200K		\$ 200,000									\$ 200,000
09-18	Pilarcitos Well Field Improvements	moved - design work in FY18/19 with implementation in FY19/20		\$ 150,000									\$ 150,000
11-02	CSPS Stainless Steel Inlet Valves							\$ 100,000					\$ 100,000
11-05	Half Moon Bay Tank #2 Interior & Exterior Recoat	FY 19/20 and FY20/21 - added design and seismic evaluation \$50K each year; moved tank rehab out from FY20/21 to FY21/22 and increased costs for \$400K to \$750K		\$ 50,000	\$ 50,000	\$ 750,000							\$ 850,000
11-06	Half Moon Bay Tank #3 Interior & Exterior Recoat	FY 19/20 and FY20/21 - added design and seismic evaluation \$50K each year; increased costs of tank rehab for \$400K to \$1M		\$ 50,000	\$ 50,000		\$ 1,000,000						\$ 1,100,000
16-08	Denniston Well Field Improvements	Moved from FY18/19 to FY23/24; Increased from \$100K to \$150K						\$ 150,000					\$ 150,000
18-04	CSP Fire System	Moved from FY18/19 to FY23/24;						\$ 40,000					\$ 40,000
18-05	Denniston Tank THM Residual Control	move from FY17/18 to FY18/19	\$ 80,000										\$ 80,000
18-06	CSP -- (3) Butterfly Valves	increased from \$45K to \$80K	\$ 80,000										\$ 80,000
19-XX	Tanks - THM Control	New	\$ 120,000										\$ 120,000

Pump Stations/Tanks/Wells Totals			\$ 1,050,000	\$ 2,450,000	\$ 1,150,000	\$ 750,000	\$ 1,000,000	\$ 290,000	\$ -	\$ -	\$ -	\$ -	\$ 6,690,000
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Water Supply Development

12-12	San Vicente Diversion and Pipeline	moved \$100K up from FY19/20 to FY18/19	\$ 100,000	\$ 200,000	\$ 1,000,000	\$ 1,000,000							\$ 2,300,000
13-04	Denniston Reservoir Restoration	move from FY19/20 to FY20/21			\$ 1,000,000								\$ 1,000,000
17-12	Recycled Water Project Development	move from FY17/18 to FY18/19	\$ 100,000										\$ 100,000

Water Supply Development Totals			\$ 200,000	\$ 200,000	\$ 2,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,400,000
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Water Treatment Plants

08-07	Nunes Filter Valve Replacement	Changed from \$45K per year for (5) years to \$500K to get work all completed at once; Cost increase includes hiring a contractor to replace the valves (vs. CCWD staff) due to safety issues.	\$ 500,000										\$ 500,000
13-05	Denniston WTP Emergency Power	Move up from FY23/24 to FY19/20; design work in FY19/19	\$ 50,000	\$ 400,000									\$ 450,000
17-01	Nunes Water Treatment Plant Treated Water Meter	removed											\$ -
17-04	Denniston Dam Spillway Repairs	work will be done in FY17/18											\$ -
18-11	Nunes Bulk Caustic Tank	moved from FY17/18 to FY19/20		\$ 40,000									\$ 40,000

Water Treatment Plants Totals			\$ 550,000	\$ 440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,000
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GRAND TOTAL			\$ 3,600,000	\$ 4,970,000	\$ 4,680,000	\$ 3,530,000	\$ 1,350,000	\$ 3,830,000	\$ 2,250,000	\$ 5,250,000	\$ 1,750,000	\$ 1,750,000	\$ 32,710,000
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MEMO - Prior CIP	\$ 3,598,000	\$ 2,238,000	\$ 2,628,000	\$ 4,148,000	\$ 3,128,000	\$ 2,483,000	\$ 1,683,000	\$ 4,683,000	\$ 1,683,000	\$ 30,180,000
Difference	\$ 2,000	\$ 2,732,000	\$ 2,052,000	\$ (618,000)	\$ (1,778,000)	\$ 1,347,000	\$ 567,000	\$ 567,000	\$ 67,000	

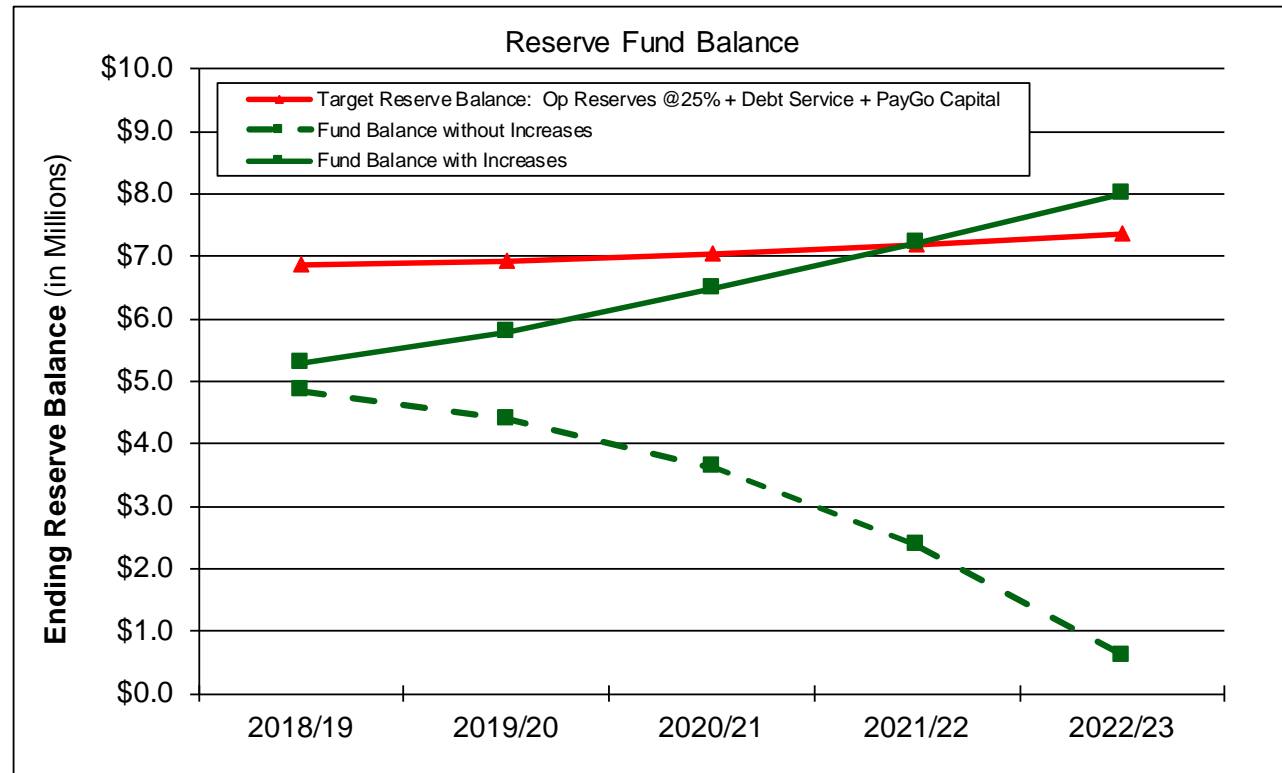
5 year change Recap	\$ 2,390,000	5 year average	\$ 3,626,000
Delay Hwy 92 8 inch	\$ (2,900,000)	5 year change Recap (cont'd)	
Delay Casa del Mar Pipeline Replacement	\$ (2,000,000)	Alves Tank Refurbishment	\$ 600,000
Offset by addition of PRVs in Casa del Mar	\$ 350,000	EG Tank #1 Refurbishment (New to CIP)	\$ 1,400,000
Delay Vactor Truck	\$ (500,000)	Miramar Tank Chime (New to CIP)	\$ 290,000
Valve Truck (New to CIP)	\$ 200,000	HMB Tank #2	\$ 430,000
Fire hydrants	\$ 500,000	HMB Tank #3	\$ 680,000
Pipeline Replacement-Hwy 1 South	\$ 250,000	Nunes Filter Valve Replacement	\$ 275,000
Pipeline Replacement-Bell Moon	\$ 310,000	Denniston Emergency Power	\$ 450,000
Pipeline Replacement-Ferdinand	\$ 285,000	Unscheduled CIP placeholder added	\$ 500,000
Pipeline Replacement-Pine Willow	\$ 500,000	Other (< \$200,000 projects)	\$ 520,000
Grand Blvd - PRV loop	\$ 250,000		\$ 2,390,000

Coastside County Water District - Financing Model
 (Uses average 5 year capital spend of \$3.6M per year)
 Table 1. Summary

Exhibit D

Projected Revenue Changes

Projections				
2018/19	2019/20	2020/21	2021/22	2022/23
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4%	4%	4%	4%	4%



Recap: Cash Projections:	2018/19	2019/20	2020/21	2021/22	2022/23
Reserves/Cash Balance Beg. Bal.	\$5,141,775	\$5,325,333	\$ 5,818,689	\$ 6,504,626	\$ 7,245,329
Plus: Contribution to Capital Reserves	\$3,773,558	\$4,109,055	\$4,301,328	\$4,355,776	\$4,399,911
Plus: Loan Proceeds					
Plus: T&S fees	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
Less: Capital Projects	(3,626,000)	(3,626,000)	(3,626,000)	(3,626,000)	(3,626,000)
Reserves/Cash Balance End. Bal.	\$ 5,325,333	\$ 5,818,689	\$ 6,504,626	\$ 7,245,329	\$ 8,030,496