

# Montara Water and Sanitary District

*Serving the Community of Montara and Moss Beach*

P.O. Box 370131  
8888 Cabrillo Hwy  
Montara, CA 94037-0131  
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Mission Statement: This District will manage and care for the resources with which it is entrusted in an open and ethical manner with active public involvement; provide through local control, reliable, high-quality water, wastewater and solid waste services for the people of Montara and Moss Beach at an equitable price; and ensure the fiscal and environmental vitality of the district for current and future generations

## **NOTICE OF SPECIAL MEETING**

**(Special Meeting begins at 6:30 p.m.; see Agenda for Special Meeting below)**

# AGENDA

Regular Meeting

## **District Board of Directors**

8888 Cabrillo Highway  
Montara, California 94037

**March 19, 2015 at 7:30 p.m.**

**(Regular Meeting)**

**CALL TO ORDER**

**ROLL CALL**

**PRESIDENT'S STATEMENT**

**ORAL COMMENTS** (Items other than those on the agenda)

**PUBLIC HEARING**

**CONSENT AGENDA**

**OLD BUSINESS**

1. Review and Possible Action Concerning 2015 Water Rate Study.

## **NEW BUSINESS REPORTS**

2. Sewer Authority Mid-Coastside Meetings (Harvey)
3. MidCoast Community Council Meeting (Slater-Carter)
4. CSDA Report (Slater-Carter)
5. CCWD, NCCWD Committee Report (Harvey, Huber)
6. Attorney's Report (Schricker)
7. Directors' Reports
8. General Manager's Report (Heldmaier)

## **FUTURE AGENDAS ADJOURN**

### **AGENDA – SPECIAL MEETING (6:30 p.m.)**

#### **CALL TO ORDER**

#### **ROLL CALL**

#### **ORAL COMMENTS** (Items other than those on the agenda)

#### **CONVENE IN CLOSED SESSION**

#### **CONFERENCE WITH LABOR NEGOTIATOR**

(Gov't. Code §54957.6)

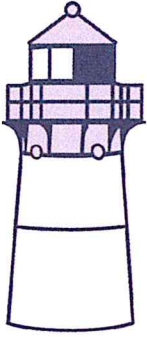
Agency designated representative: Clemens Heldmaier, General Manager and Austris Rungis, IEDA

Employee Organization: Unrepresented employees

#### **RECONVENE IN OPEN SESSION AND ADJOURN TO CONVENE FOR REGULAR MEETING**

The District has a curfew of 11:00 p.m. for all meetings. The meeting may be extended for one hour by vote of the Board.

NOTE: In accordance with the Government Code, members of the public may address the Board on specific agenda items when that matter is discussed by the Board. Any other items of interest that is within the subject matter jurisdiction of the District may be addressed during the Oral Comments portion of the meeting. Upon request, this agenda will be made available in appropriate alternative formats to persons with a disability. Request for a disability-related modification or an accommodation in order to participate in the public meeting should be made at (650) 728-3545. Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available in the District Clerk's office during normal business hours. Such documents may also be available on the District's web site ([www.mwsd.montara.org](http://www.mwsd.montara.org)) subject to staff's ability to post the documents before the meeting.



# MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **March 19, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning 2015  
Water Rate Study.**

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After the adoption of reserve policies in 2013 the Board authorized Bartle Wells to prepare a water rate study that includes the consideration of the new reserve policy and makes recommendations to increase the District's water reserves over time.

Bartle Wells presented a draft rate study, after the rate committee reviewed and discussed the study with interested citizens, at the June 18, 2013 meeting. However, the budget was adopted before the completion of the rate study.

At the August 21, 2014 meeting, the Board directed staff to the scope of the work to be included in the rate study.

At the March 5, 2015 meeting a draft study was presented that suggested a modest 2% rate increase. The Board referred the study to the rate committee to consider changes to the rate study. Bill Kehoe has repeatedly stated interest in the rate setting process and was invited to participate in the ad hoc committee meeting. The committee met on March 17, 2015 and directed staff to present three scenarios with rate increases of 2%, 2.5%, 3% and new connections sold at 20, 15 and 10.

A draft Prop 218 notice has been prepared for the Board's review. To be able to adhere to the current timeline for the prop 218 process notices should be sent to all property owners in the District as soon as possible. A Public Hearing to count the number of written protests is scheduled for the June 4 meeting.

Alex Handlers with Bartle Wells will present the three scenarios at the meeting.

## RECOMMENDATION:

Adopt the rate study under one of the suggested scenarios and authorize the General Manager to send an according prop 218 notice to property owners in the District.

Attachments

# Montara Water & Sanitary District



## Water Rate Study

*Revised Draft 03/18/15*



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



# Montara Water & Sanitary District

## Water Rate Study 2015

### Summary of Key Issues



#### Background

- District has been a good financial steward by gradually raising rates each year to keep revenues reasonably aligned with the costs of providing service
- Last water rate study completed 2010
  - District adopted maximum rates via Prop. 218 process and phased in rate increases to the maximum level over the past 4 years (instead of 2 years as originally planned)
  - Water rate structure was modified to improve equity and increase conservation incentive
  - In 2013, District initiated a water rate study update, but temporarily deferred the study since rates had not yet been raised to the maximum levels previously approved in 2010.
- District has substantially reduced its projected capital improvement program and eliminated need for the \$1.55 million airport well treatment facility
- District acquired Pillar Ridge water system and integrated Pillar Ridge into its service area
- Moratorium has been lifted, higher levels of development and redevelopment are anticipated over the next 5 years
- Water fund reserves are slightly below the District's minimum reserve targets
- District has taken advantage of subsidized funding programs & low rates to refund prior debt
  - GO Bond Refi generated \$1.5M of new funds for capital projects and reduced debt service
  - PNC interest rate reduction annual savings = approximately \$16,500 per year
  - District obtained a State Revolving Fund (SRF) loan for the Alta Vista Tank (\$2.9 million, 2.3% interest rate, 20-year term)
  - District obtained a \$500,000 SRF Planning Loan for the airport well, remaining funds are being used for other purposes with SRF consent (2.1% interest rate, 5-year term)

#### Financial Projections

- BWA updated financial projections to evaluate annual revenue requirements and project rate increases needed to fund operating and capital programs while maintaining financial health
- Key assumptions:
  - Financial projections based on 2014/15 Budget
  - Growth projected at 20 new single family homes (or equivalents) each year, with 5 new private fire service connections, and 5 meter upsizings from 5/8" to 3/4"
  - Water rate revenues based on 2014/15 Budget and account for projected rate increases, growth, and water demand elasticity (every 1% increase in rates results in a 0.15% decrease in water sales per account)

- Operating costs projected to escalate at the annual rate of 4% for planning purposes
- Staffing costs include an additional \$25,000 starting 2015/16 for a part-time employee to assist with processing new development applications
- Projections include additional personnel costs estimated at 20% of current salaries to account for pension, retiree medical, and market salary adjustments.
- Projections incorporate updated 5-Year Capital Improvement Program
- Projections include new debt service for the \$2.9 million 20-year SRF loan for the Alta Vista Tank and the \$500,000, 5-year SRF Planning Loan as shown on the table

### Rate Scenarios

- Updated financial projections indicate the water enterprise's financial outlook has improved and only minimal rate increases would likely be needed over the next 5 years
- Based on the Board recommendations, BWA evaluated three rate scenarios that vary based on the level of inflationary rate increases and the projected number of new connections. The rate scenarios are as follows:
  - **Scenario 1: 2% Annual Rate Increases, 20 New Water Connections**
  - **Scenario 2: 2.5% Annual Rate Increases, 15 New Water Connections**
  - **Scenario 3: 3% Annual Rate Increases, 10 New Water Connections**
- Small annual inflationary rate increases are needed to keep rates aligned with cost inflation and minimize the need for larger future rate spikes. Small gradual rate increases are generally widely-accepted by ratepayers.
- *Projected rate increases are much lower than prior rate projections from 2013.*
- Alternatively, the District could opt to adopt a pass-through for future inflationary rate adjustments. The pass-through formula – such as escalating rates by the change in the CPI from a base year – would need to be adopted via the Proposition 218 process. In future years, the District would have to send informational notices to customers at least 30 days prior to implementing any inflationary rate pass-through adjustment.

### Water Rate Structure

- The water rate structure was revised during the prior 2010 rate study
  - Water quantity charges transitioned from 2 tiers to 4 tiers
  - Fixed service charges aligned with standard AWWA meter capacity ratios
  - Fixed service charges targeted to recover approximately 30% of rate revenues, in line with conservation guidelines
  - Water quantity charges targeted to recover 70% of rate revenues
- District's rate structure is similar to neighboring agencies, who also have 4 quantity rate tiers
- *No modifications to the rate structure are recommended at this time*

## Conclusion

- Water enterprise's financial outlook has significantly improved from two years ago
    - Projected capital improvement costs have been substantially reduced
    - Increased connection fee revenues anticipated from new development
  - Water fund reserves are on the low side, but are projected to increase to healthier levels in upcoming years
  - Any water rate increases would need to be adopted via the Prop. 218 process
    - A notice of proposed rate increases and a Public Hearing needs to be mailed to all property-owners/customers at least 45 days prior to the Public Hearing
    - At the Public Hearing, rate increases are subject to Majority Protest; if written protests are received by more than 50% of affected parcels, then the rate increase cannot be adopted
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**Montara Water & Sanitary District**  
**Water Rate Study**  
**List of Tables**

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**Water Rate Study Tables**

Table 1	-	Water Reserve Fund Balances
Table 2	-	Water Capital Improvement Plan
Table 3	-	Water Enterprise Debt Service
Table 4	-	Revenues & Expense Detail
Table 5	-	Accounts & Estimated Service Charge Revenues
Table 6	-	Historical Water Rates
Table 7	-	Scenario 1: Water Cash Flow Projections
Table 8	-	Scenario 1: Projected Water Rates
Table 9	-	Scenario 1: Bi-Monthly Water Rate Impacts
Table 10	-	Scenario 1: Water Rate Impacts
Table 11	-	Scenario 2: Water Cash Flow Projections
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Table 13	-	Scenario 2: Bi-Monthly Water Rate Impacts
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Table 15	-	Scenario 3: Water Cash Flow Projections
Table 16	-	Scenario 3: Projected Water Rates
Table 17	-	Scenario 3: Bi-Monthly Water Rate Impacts
Table 18	-	Scenario 3: Water Rate Impacts
Table 19	-	Water Bills & Use per Tier
Table 20	-	Residential vs Commercial Use and Revenues
Table 21	-	Monthly Private Fire Protection Charges

**Charts**

Chart A	-	Water Expense Projections
Chart B	-	Water Fund Reserve Projections
Chart C	-	Scenario Comparison: Single Family Residential Average Bi-Monthly Bill
Chart D	-	Bi-Monthly Single Family Residential Water Bill & Use Distribution 2012/13

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**Table 1**  
**Montara Water & Sanitary District**  
**Water Reserve Fund Balances**

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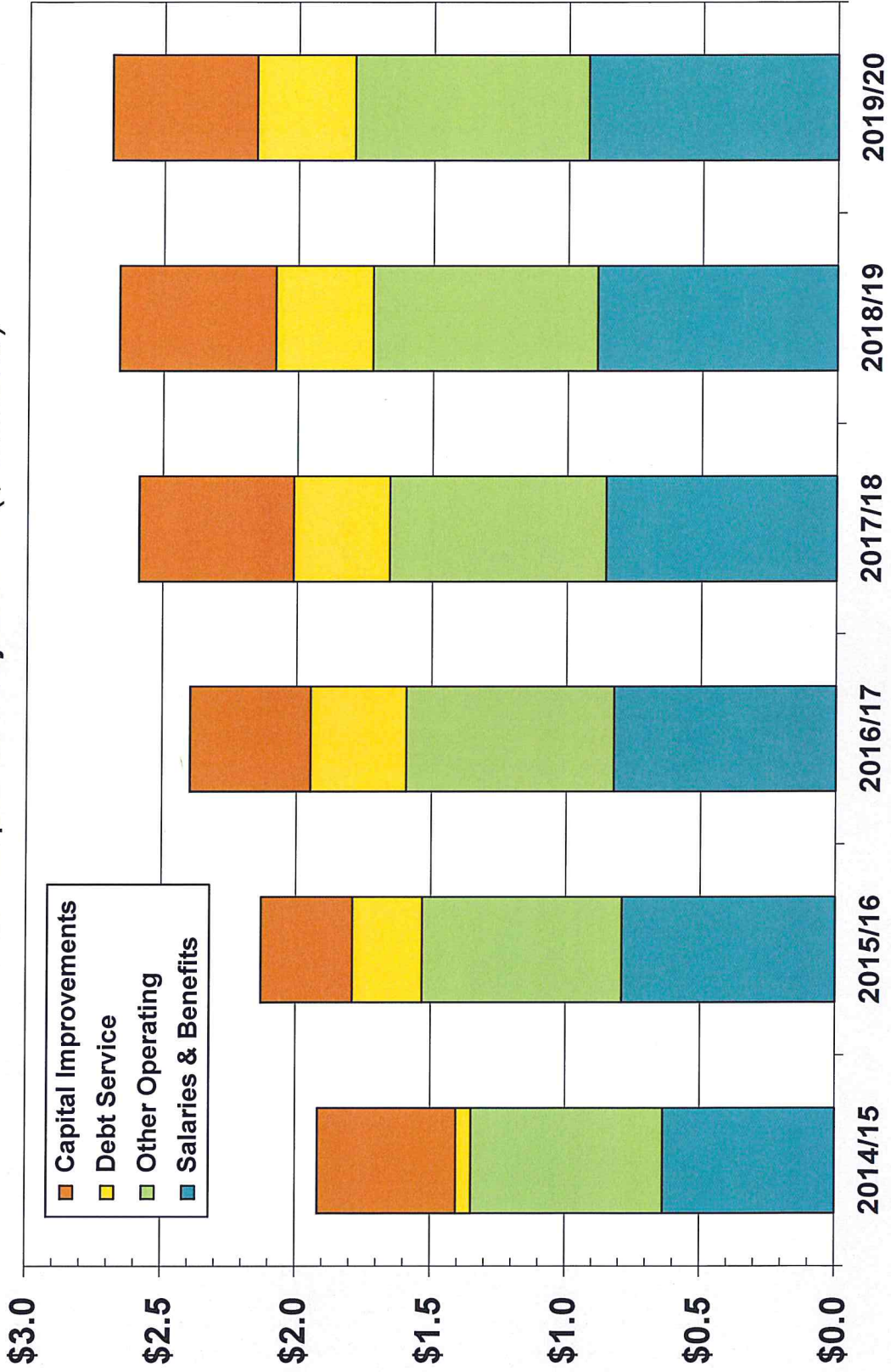
	<b>Balance July 2014</b>
Water Operations	\$329,372
Operating Reserve	224,763
Capital Reserve	398,249
Connection Fee Reserve	<u>122,488</u>
Total	1,074,872

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Source: January Activity - Yearly Budget variance activity report.

# Montara Water & Sanitary District Water Expense Projections (\$ Millions)

Chart A



*Excludes capital projects funded by debt, but includes associated debt service.*

**Table 2**  
**Montara Water & Sanitary District**  
**Water Capital Improvement Plan**

<b>Existing Customer CIP</b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>5-Year Total</b>
Mechanical System Repair & Replacements	10,000	10,200	10,404	10,612	10,824	52,040
Water Meters	25,000	25,500	26,010	26,530	27,061	130,101
Water Lateral Services	25,000	25,500	26,010	26,530	27,061	130,101
Water Main Replacements	50,000	51,000	52,020	53,060	54,122	260,202
Replace Fire Hydrants	5,500	5,610	5,722	5,837	5,953	28,622
Distribution System Renewal & Repl Program	115,500	117,810	120,166	122,570	125,021	601,067
Water Conservation Program	8,500	8,670	8,843	9,020	9,201	44,234
Vehicle Replacement Fund	-	25,000	25,500	26,010	26,530	103,040
Pillar Ridge Rehabilitation Program	10,000	20,000	20,400	20,808	21,224	92,432
<b>Subtotal: Existing Customer CIP</b>	<b>134,000</b>	<b>171,480</b>	<b>174,910</b>	<b>178,408</b>	<b>181,976</b>	<b>840,773</b>
<b>New Customer CIP</b>	<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>5-Year Total</b>
Develop Add'l Supply Reliability (New Well)	-	100,000	200,000	200,000	200,000	700,000
Portola Tank Telemetry Upgrade	20,000	30,000	-	-	-	50,000
New and Upgraded PRV Stations	35,000	35,700	36,414	37,142	37,885	182,141
Generator Upgrades	50,000	-	50,000	50,000	-	150,000
Wagner Well Upgrade	100,000	-	-	-	-	100,000
Water Main Upgrades	-	100,000	102,000	104,040	106,121	412,161
<b>Subtotal: New Customer CIP</b>	<b>205,000</b>	<b>265,700</b>	<b>388,414</b>	<b>391,182</b>	<b>344,006</b>	<b>1,594,302</b>
<b>Total</b>	<b>339,000</b>	<b>437,180</b>	<b>563,324</b>	<b>569,590</b>	<b>525,982</b>	<b>2,435,076</b>

CIP Dated January 2015

**Table 3**  
**Montara Water & Sanitary District**  
**Water Enterprise Debt Service**

	2006 PNC Lease	SRF Loan 022 Alta Vista Tank	SRF Loan 024 Planning Loan	Total Debt Service
Issue Size	\$1,818,134	\$2,920,000	\$500,000	
Interest Rate	2.95%	2.2836%	2.0933%	
Term	20 Years	20 Years	5 Years	
Payments	Monthly	Semi-Annual	Semi-Annual	
Purpose	Water Meters (50% Water)	Alta Vista Tank	Planning Loan	
2012/13	61,735	-	-	61,735
2013/14	53,475	-	-	53,475
2014/15	56,340	-	-	56,340
2015/16	59,275	92,500	107,000	258,775
2016/17	62,325	185,000	107,000	354,325
2017/18	65,275	185,000	107,000	357,275
2018/19	68,875	185,000	107,000	360,875
2019/20	72,425	185,000	107,000	364,425
2020/21	76,130	185,000	-	261,130
2021/22	79,905	185,000	-	264,905
2022/23	83,520	185,000	-	268,520
2023/24	87,230	185,000	-	272,230
2024/25	88,558	185,000	-	273,558
2025/26	88,650	185,000	-	273,650
2026/27	29,536	185,000	-	214,536
2027/28	-	185,000	-	185,000
2028/29	-	185,000	-	185,000
2029/30	-	185,000	-	185,000
2030/31	-	185,000	-	185,000
2031/32	-	185,000	-	185,000
2032/33	-	185,000	-	185,000
2033/34	-	185,000	-	185,000
2034/35	-	185,000	-	185,000
2034/35	-	92,500	-	92,500
2034/35	-	-	-	0
2034/35	-	-	-	0
2034/35	-	-	-	0
2034/35	-	-	-	0

**Table 4**  
**Montara Water & Sanitary District**  
**Revenues & Expense Detail**

	Actual 2012/13	Projected 2013/14	Budget 2014/15
<b>REVENUES</b>			
<b>Operating Revenues</b>			
Water Sales & Service Charges	\$1,557,945	\$1,642,195	\$1,846,473
Property Taxes (1% Share)	304,550	285,936	225,000
Cell Phone Tower Lease	28,909	31,179	31,500
Other Revenues [1]	<u>9,266</u>	<u>23,476</u>	<u>17,600</u>
Subtotal	1,900,670	1,982,786	2,120,573
<b>Other Revenues</b>			
Connection Fees	74,315	32,604	122,900
GO Bond Assessments	<u>1,230,365</u>	<u>663,293</u>	<u>1,150,436</u>
Subtotal	1,304,680	695,897	1,273,336
<b>TOTAL REVENUES</b>	3,205,350	2,678,683	3,393,909
<b>EXPENSES</b>			
<b>Operating Expenses</b>			
Labor, Administrative	0	246,428	0
Bank Fees	9,075	6,381	9,000
Board of Directors	5,585	15,607	5,000
Other/Insurance	21,151	16,898	28,600
LAFCO Assessment	1,544	2,026	2,200
Legal	86,900	73,697	80,000
Facilities	36,961	33,204	42,000
Professional Services	104,545	71,095	77,650
Other Administrative	9,821	4,967	10,800
Labor Benefits & Taxes	175,756	142,092	166,836
Wages	409,919	412,416	470,344
Labor, Operations	0	0	0
Claims and Prevention	2,120	1,580	12,100
Communications	20,681	2,257	17,500
Education & Training	1,840	5,140	6,000
Engineering	221,054	48,132	75,000
Equipment & Tools, Expensed	12,627	6,407	13,000
Facilities Maintenance	3,600	4,361	4,050
Meters	1,619	8,111	11,000
Pumping	46,111	76,860	85,000
Supply	228,196	38,845	57,000
Collection / Transmission	69,268	65,745	100,000
Treatment	46,468	35,757	51,500
Uniforms	8,473	8,583	8,500
Vehicles	9,618	24,499	15,500
Other Operations	<u>1,665</u>	<u>6,364</u>	<u>0</u>
Subtotal	1,534,597	1,357,452	1,348,580
<b>Other Expenses</b>			
<u>Debt Service</u>			
GO Bonds	1,150,436	1,150,436	1,150,436
PNC Equipment Lease	90,964	53,473	56,340
SRF Loan	3,082	3,939	102,090
Transfer to CIP	<u>426,271</u>	<u>83,968</u>	<u>736,463</u>
Subtotal	1,670,753	1,291,816	2,045,329
<b>TOTAL EXPENSES</b>	3,205,350	2,649,268	3,393,909
<b>NET REVENUES</b>	0	29,415	0

1 - Includes fees, backflow testing, refunds, and other miscellaneous revenues

**Table 5**  
**Montara Water & Sanitary District**  
**Accounts & Estimated Service Charge Revenues**

Based on 2012/13 Data

	Residential	Commercial	Total
<b>NUMBER OF ACCOUNTS</b>			
<b>Water Service</b>			
5/8" x 3/4"	1,604	17	1,621
3/4"	2	6	8
1"	14	2	16
1-1/2"	2	3	5
2"	4	2	6
3"	0	0	0
4"	<u>2</u>	<u>0</u>	<u>2</u>
Subtotal	1,628	30	1,658
<b>Private Fire</b>			
4"	119	0	119
6"	5	0	5
8"	0	0	0
10"	1	0	1
12"	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	125	0	125
Total All Meters	1,753	30	1,783
<b>EST. FIXED SERVICE CHARGE REVENUES</b>			
<b>Water Service</b>			
5/8" x 3/4"	\$492,556	\$5,220	\$497,777
3/4"	676	2,027	2,702
1"	6,019	860	6,879
1-1/2"	1,105	1,658	2,764
2"	3,562	1,781	5,343
3"	0	0	0
4"	<u>8,598</u>	<u>0</u>	<u>8,598</u>
Subtotal	512,517	11,546	524,063
<b>Private Fire</b>			
4"	\$22,048	\$0	\$22,048
6"	1,313	0	1,313
8"	0	0	0
10"	738	0	738
12"	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	24,099	0	24,099
Total Service Charge Revenues	\$536,617	\$11,546	\$548,163

**Table 6**  
**Montara Water & Sanitary District**  
**Historical Water Rates**

Prior Rate Structure	2006	May-1 2007	Jul-1 2008	Jul-1 2009	Revised Rate Structure	Dec-1 2010	Jul-1 2012	Oct-1 2013	Jul-1 2014	Equiv. Rate per 100 glns
<b>Quantity Charges (\$ per hcf)</b>										
<u>Tier</u>	<u>Bi-Monthly Use</u>									
Tier 1	0-19 hcf	\$4,479	\$4,733	\$4,987	\$5,240	0-6 hcf	\$6.80	\$7.07	\$7.43	\$0.99
Tier 2	> 19 hcf	5,731	6,285	6,839	7,393	7-13 hcf	9.07	9.43	9.91	1.32
						14-27 hcf	11.34	11,794	12,39	1.66
						>27 hcf	15.87	16.50	17.35	2.32
<b>Service Charge per Meter per Month</b>										
5/8 x 3/4 inch meter	\$28.61	\$30.76	\$32.90	\$35.05	5/8 x 3/4 inch meter	\$20.84	\$21.67	\$22.54	\$25.59	\$0.84
3/4 inch meter	34.13	36.69	39.25	41.81	3/4 inch meter	22.92	23.84	24.79	28.15	0.93
1 inch meter	46.46	49.94	53.43	56.91	1 inch meter	29.18	30.46	31.68	35.83	1.18
1-1/2 inch meter	62.06	66.71	71.37	76.02	1-1/2 inch meter	37.51	39.01	40.57	46.06	1.51
2 inch meter	83.84	90.13	96.41	102.70	2 inch meter	60.44	62.85	65.36	74.21	2.44
3 inch meter	155.09	166.72	178.36	189.99	3 inch meter	229.24	238.41	247.95	281.49	9.25
4 inch meter	210.95	226.77	242.59	258.41	4 inch meter	291.76	303.43	315.57	358.26	11.78
<b>Private Fire Protection Charge per Month</b>										
Up to 4 inch connection	\$11.34	\$12.19	\$13.04	\$13.89	Up to 4 inch connection	\$13.89	\$14.85	\$15.44	\$15.44	\$0.51
6 inch connection	16.07	17.28	18.48	19.69	6 inch connection	19.69	21.05	21.89	21.89	0.72
8 inch connection	21.42	23.03	24.63	26.24	8 inch connection	26.24	28.05	29.17	29.17	0.96
10 inch connection	45.15	48.54	51.92	55.31	10 inch connection	55.31	59.12	61.48	61.48	2.02
12 inch connection	63.00	67.73	72.45	77.18	12 inch connection	77.18	82.51	85.81	85.81	2.82

Note: 1 hcf = 100 cubic feet, or approximately 748 gallons.

**Scenario 1:  
2% Rate Increases  
20 New Water Connections**





**Table 7**  
**Montara Water & Sanitary District**  
**Scenario 1: Water Cash Flow Projections**

DRAFT

	Budget	Projected				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
		July 1	July 1	July 1	July 1	July 1
Rate Adjustments		2.0%	2.0%	2.0%	2.0%	2.0%
Monthly SFR Bill: 5/8" mtr, 5 ccf use	\$67.70	\$69.05	\$70.44	\$71.84	\$73.28	\$74.75
New Water Connections (EDUs)	10	20	20	20	20	20
New Fire Svc Connections (EDUs)	5	15	15	15	15	15
Meter Upsizings 5/8" > 3/4"	-	5	5	5	5	5
Water Capacity Charge (5/8")	\$14,992	\$15,292	\$15,598	\$15,910	\$16,228	\$16,553
Private Fire Protection Charge (3/4")	\$4,707	\$4,801	\$4,897	\$4,995	\$5,095	\$5,197
Private Fire Protection Charge (1")	\$7,862	\$8,019	\$8,179	\$8,343	\$8,510	\$8,680
Growth in Customer Base	0.6%	1.2%	1.2%	1.2%	1.2%	1.2%
Price Elasticity: -0.015		-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
Interest Earnings Rate	0.3%	0.5%	0.75%	1.0%	1.0%	1.0%
Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%
<b>Beginning Fund Balances All Funds</b>	<b>\$1,075,000</b>	<b>\$1,404,000</b>	<b>\$1,862,000</b>	<b>\$2,131,000</b>	<b>\$2,288,000</b>	<b>\$2,446,000</b>
<b>REVENUES</b>						
Water Service Charges	550,000	564,000	582,000	601,000	620,000	640,000
Water Quantity Charges	1,296,473	1,326,000	1,364,000	1,403,000	1,443,000	1,485,000
Subtotal	<u>1,846,473</u>	<u>1,890,000</u>	<u>1,946,000</u>	<u>2,004,000</u>	<u>2,063,000</u>	<u>2,125,000</u>
Property Taxes (+2%)	225,000	230,000	235,000	240,000	245,000	250,000
Water & Fire Connection Fees	122,900	410,000	418,000	426,000	435,000	443,000
Interest Earnings (est.)	3,000	7,000	14,000	21,000	23,000	24,000
Cell Phone Tower Lease	31,500	32,000	33,000	34,000	35,000	36,000
Other Revenues	17,600	18,000	19,000	20,000	21,000	22,000
Subtotal Revenues	<u>2,246,473</u>	<u>2,587,000</u>	<u>2,665,000</u>	<u>2,745,000</u>	<u>2,822,000</u>	<u>2,900,000</u>
SRF Loan 022 (Alta Vista Tank)	2,200,000	200,000	-	-	-	-
SRF Loan 024 (Planning Loan)	90,000	-	-	-	-	-
2012 GO Bond Funds	133,921	-	-	-	-	-
<b>Total Revenues</b>	<b>4,670,394</b>	<b>2,787,000</b>	<b>2,665,000</b>	<b>2,745,000</b>	<b>2,822,000</b>	<b>2,900,000</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Wages	470,344	514,000	535,000	556,000	578,000	601,000
Benefits & Taxes	166,836	174,000	181,000	188,000	196,000	204,000
Add'l Personnel Costs	0	103,000	107,000	111,000	116,000	120,000
Supply & Treatment	108,500	113,000	118,000	123,000	128,000	133,000
Transmission & Pumping	185,000	192,000	200,000	208,000	216,000	225,000
Engineer/Legal/Professional Svcs	232,650	242,000	252,000	262,000	272,000	283,000
Other Operating Expenses	185,250	193,000	201,000	209,000	217,000	226,000
Subtotal Operating Expenses	<u>1,348,580</u>	<u>1,531,000</u>	<u>1,594,000</u>	<u>1,657,000</u>	<u>1,723,000</u>	<u>1,792,000</u>
<b>Debt Service</b>						
PNC Equipment Lease	56,340	59,000	62,000	65,000	69,000	72,000
SRF Loan 022 (Alta Vista Tank)	0	93,000	185,000	185,000	185,000	185,000
SRF Loan 024 (Planning Loan)	0	107,000	107,000	107,000	107,000	107,000
Subtotal Debt Service	<u>56,340</u>	<u>259,000</u>	<u>354,000</u>	<u>357,000</u>	<u>361,000</u>	<u>364,000</u>
<b>Non-Operating Expenses</b>						
CIP: Existing Customers	736,463	134,000	171,000	175,000	178,000	182,000
CIP: New Customers/Expansion	0	205,000	166,000	188,000	191,000	144,000
CIP: New Supply Project (New Well)	0	0	100,000	200,000	200,000	200,000
Alta Vista Tank (SRF Funded)	2,200,000	200,000	0	0	0	0
Transfer to SRF Reserve (1/10th Debt)	0	0	11,000	11,000	11,000	11,000
Subtotal Non-Operating Expenses	<u>2,936,463</u>	<u>539,000</u>	<u>448,000</u>	<u>574,000</u>	<u>580,000</u>	<u>537,000</u>
<b>Total Expenses</b>	<b>4,341,383</b>	<b>2,329,000</b>	<b>2,396,000</b>	<b>2,588,000</b>	<b>2,664,000</b>	<b>2,693,000</b>
<b>Revenues Less Expenses</b>	<b>329,011</b>	<b>458,000</b>	<b>269,000</b>	<b>157,000</b>	<b>158,000</b>	<b>207,000</b>
<b>Ending Fund Balances</b>	<b>1,404,011</b>	<b>1,862,000</b>	<b>2,131,000</b>	<b>2,288,000</b>	<b>2,446,000</b>	<b>2,653,000</b>
Debt Service Coverage: $\geq 1.20$	15.94	4.08	3.03	3.05	3.04	3.04

**Table 8**  
**Montara Water & Sanitary District**  
**Scenario 1: Projected Water Rates**

*Rates with across-the-board rate adjustments*

	Current Rates	Projected					
		2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Projected Rate Increase</b>		<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	
<b>Service Charge per Meter per Month</b>							
5/8" x 3/4"	\$25.59	\$26.10	\$26.62	\$27.15	\$27.69	\$28.24	
3/4"	28.15	28.71	29.28	29.87	30.47	31.08	
1"	35.83	36.55	37.28	38.03	38.79	39.57	
1 1/2"	46.06	46.98	47.92	48.88	49.86	50.86	
2"	74.21	75.69	77.20	78.74	80.31	81.92	
3"	281.49	287.12	292.86	298.72	304.69	310.78	
4"	358.26	365.43	372.74	380.19	387.79	395.55	
<b>Quantity Charges (\$ per hcf)</b>							
<u>Tier</u>	<u>Bi-Monthly Use</u>						
Tier 1	0 - 6 hcf	\$7.43	\$7.58	\$7.73	\$7.88	\$8.04	\$8.20
Tier 2	7 - 13 hcf	9.91	10.11	10.31	10.52	10.73	10.94
Tier 3	14 - 27 hcf	12.39	12.64	12.89	13.15	13.41	13.68
Tier 4	Over 27 hcf	17.35	17.70	18.05	18.41	18.78	19.16

**Table 9**  
**Montara Water & Sanitary District**  
**Scenario 1: Bi-Monthly Water Rate Impacts**

Bi-Monthly Use (hcf)	% of Bills in Block	% of Bills at or Below	Bi-Monthly Bills					
			Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Projected Rate Increase</b>				2.0%	2.0%	2.0%	2.0%	2.0%
0	3.8%	3.8%	\$51.18	\$52.20	\$53.24	\$54.30	\$55.38	\$56.48
1	1.7%	5.5%	58.61	59.78	60.97	62.18	63.42	64.68
2	1.7%	7.2%	66.04	67.36	68.70	70.06	71.46	72.88
3	3.2%	10.4%	73.47	74.94	76.43	77.94	79.50	81.08
4	3.8%	14.3%	80.90	82.52	84.16	85.82	87.54	89.28
5	5.3%	19.6%	88.33	90.10	91.89	93.70	95.58	97.48
6	5.8%	25.4%	95.76	97.68	99.62	101.58	103.62	105.68
7	6.1%	31.5%	105.67	107.79	109.93	112.10	114.35	116.62
8	6.8%	38.3%	115.58	117.90	120.24	122.62	125.08	127.56
9	6.8%	45.1%	125.49	128.01	130.55	133.14	135.81	138.50
10	7.0%	52.0%	135.40	138.12	140.86	143.66	146.54	149.44
11	6.1%	58.2%	145.31	148.23	151.17	154.18	157.27	160.38
12	5.9%	64.0%	155.22	158.34	161.48	164.70	168.00	171.32
13	5.2%	69.2%	165.13	168.45	171.79	175.22	178.73	182.26
14	4.4%	73.7%	177.52	181.09	184.68	188.37	192.14	195.94
15	3.5%	77.1%	189.91	193.73	197.57	201.52	205.55	209.62
16	3.3%	80.5%	202.30	206.37	210.46	214.67	218.96	223.30
17	3.0%	83.5%	214.69	219.01	223.35	227.82	232.37	236.98
18	2.6%	86.1%	227.08	231.65	236.24	240.97	245.78	250.66
19	2.3%	88.5%	239.47	244.29	249.13	254.12	259.19	264.34
20	1.9%	90.4%	251.86	256.93	262.02	267.27	272.60	278.02
21	1.5%	91.9%	264.25	269.57	274.91	280.42	286.01	291.70
22	1.2%	93.1%	276.64	282.21	287.80	293.57	299.42	305.38
23	1.0%	94.1%	289.03	294.85	300.69	306.72	312.83	319.06
24	1.0%	95.1%	301.42	307.49	313.58	319.87	326.24	332.74
25	0.6%	95.7%	313.81	320.13	326.47	333.02	339.65	346.42
26	0.7%	96.4%	326.20	332.77	339.36	346.17	353.06	360.10
27	0.6%	96.9%	338.59	345.41	352.25	359.32	366.47	373.78
28	0.6%	97.5%	350.98	358.11	365.30	372.73	380.25	387.94
29	0.5%	97.9%	363.37	370.81	378.35	386.14	394.03	402.10
30	0.2%	98.2%	375.76	383.51	391.40	399.55	407.81	416.26
31	0.2%	98.4%	388.15	396.21	404.45	412.96	421.61	430.42
32	0.2%	98.5%	400.54	408.91	417.50	426.37	435.41	444.61
33	0.2%	98.7%	412.93	421.61	430.55	439.78	449.15	458.74
34	0.1%	98.8%	425.32	434.31	443.60	453.19	462.93	472.80
35	0.1%	99.0%	437.71	447.01	456.65	466.60	476.71	486.96
36	0.1%	99.0%	450.10	460.71	471.70	482.91	494.29	505.81
37	0.1%	99.1%	462.49	473.41	484.75	496.42	508.27	520.26
38	0.0%	99.2%	474.88	486.11	497.80	509.83	522.05	534.41
39	0.1%	99.3%	487.27	498.81	510.85	523.24	535.81	548.51
40	0.1%	99.3%	499.66	511.51	523.90	536.65	549.61	562.76
41	0.1%	99.4%	512.05	524.21	536.95	550.06	563.41	576.96
42	0.0%	99.4%	524.44	536.91	549.90	563.27	576.91	590.76
43	0.0%	99.5%	536.83	549.61	562.90	576.57	590.41	604.41
44	0.0%	99.5%	549.22	562.31	575.90	590.77	604.81	619.06
45	0.0%	99.5%	561.61	575.11	589.30	604.37	619.51	634.81
46	0.0%	99.6%	574.00	588.11	602.90	618.17	633.61	649.26
47	0.1%	99.6%	586.39	599.91	615.10	630.97	647.01	663.26
48	0.0%	99.7%	598.78	612.71	628.50	644.87	661.41	678.16
49	0.0%	99.7%	611.17	624.51	640.70	657.57	674.61	691.86
50	0.0%	99.7%	623.56	637.31	653.90	671.27	688.81	706.46
75	51-75: 0.15%	99.9%	1,171.39	1,195.01	1,218.65	1,243.00	1,267.91	1,293.46
100	76-100: 0.09%	100.0%	1,605.14	1,637.51	1,669.90	1,703.25	1,737.41	1,772.46
200	101-200: 0.02%	100.0%	3,340.14	3,407.51	3,474.90	3,544.25	3,615.41	3,688.46

**Table 10**  
**Montara Water & Sanitary District**  
**Scenario 1: Water Rate Impacts**

	Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>LOW USE: 6 hcf bi-monthly use (74 gpd)</b>						
<i>25% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$95.76	\$97.68	\$99.62	\$101.58	\$103.62	\$105.68
Monthly Equivalent	47.88	48.84	49.81	50.79	51.81	52.84
Cost per Day	1.57	1.61	1.64	1.67	1.70	1.74
All-In Cost per 100 gallons	2.13	2.18	2.22	2.26	2.31	2.35
<b>MEDIAN USE: 10 hcf bi-monthly use (123 gpd)</b>						
<i>52% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$135.40	\$138.12	\$140.86	\$143.66	\$146.54	\$149.44
Monthly Equivalent	67.70	69.06	70.43	71.83	73.27	74.72
Cost per Day	2.23	2.27	2.32	2.36	2.41	2.46
All-In Cost per 100 gallons	1.81	1.85	1.88	1.92	1.96	2.00
<b>AVERAGE USE: 11 hcf bi-monthly use (135 gpd)</b>						
<i>58% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$145.31	\$148.23	\$151.17	\$154.18	\$157.27	\$160.38
Monthly Equivalent	72.66	74.12	75.59	77.09	78.64	80.19
Cost per Day	2.39	2.44	2.48	2.53	2.59	2.64
All-In Cost per 100 gallons	1.77	1.80	1.84	1.87	1.91	1.95
<b>MOD-HIGH USE: 20 hcf bi-monthly use (246 gpd)</b>						
<i>90% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$251.86	\$256.93	\$262.02	\$267.27	\$272.60	\$278.02
Monthly Equivalent	125.93	128.47	131.01	133.64	136.30	139.01
Cost per Day	4.14	4.22	4.31	4.39	4.48	4.57
All-In Cost per 100 gallons	1.68	1.72	1.75	1.79	1.82	1.86
<b>HIGH USE: 35 hcf bi-monthly use (430 gpd)</b>						
<i>99% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$477.39	\$487.01	\$496.65	\$506.60	\$516.71	\$527.06
Monthly Equivalent	238.70	243.51	248.33	253.30	258.36	263.53
Cost per Day	7.85	8.01	8.16	8.33	8.49	8.66
All-In Cost per 100 gallons	1.82	1.86	1.90	1.93	1.97	2.01

**Scenario 2:  
2.5% Rate Increases  
15 New Water Connections**



**Montara Water  
and Sanitary District**

**Table 11**  
**Montara Water & Sanitary District**  
**Scenario 2: Water Cash Flow Projections**

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	Budget	Projected				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
		July 1	July 1	July 1	July 1	July 1
Rate Adjustments		2.5%	2.5%	2.5%	2.5%	2.5%
Monthly SFR Bill: 5/8" mtr, 5 ccf use	\$67.70	\$69.39	\$71.13	\$72.91	\$74.73	\$76.60
New Water Connections (EDUs)	10	15	15	15	15	15
New Fire Svc Connections (EDUs)	5	10	10	10	10	10
Meter Upsizings 5/8" > 3/4"	-	5	5	5	5	5
Water Capacity Charge (5/8")	\$14,992	\$15,292	\$15,598	\$15,910	\$16,228	\$16,553
Private Fire Protection Charge (3/4")	\$4,707	\$4,801	\$4,897	\$4,995	\$5,095	\$5,197
Private Fire Protection Charge (1")	\$7,862	\$8,019	\$8,179	\$8,343	\$8,510	\$8,680
Growth in Customer Base	0.6%	0.9%	0.9%	0.9%	0.9%	0.9%
Price Elasticity: -0.015		-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Interest Earnings Rate	0.3%	0.5%	0.75%	1.0%	1.0%	1.0%
Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%
<b>Beginning Fund Balances All Funds</b>	<b>\$1,075,000</b>	<b>\$1,404,000</b>	<b>\$1,762,000</b>	<b>\$1,931,000</b>	<b>\$1,988,000</b>	<b>\$2,048,000</b>
<b>REVENUES</b>						
Water Service Charges	550,000	567,000	586,000	606,000	627,000	648,000
Water Quantity Charges	1,296,473	1,332,000	1,372,000	1,413,000	1,456,000	1,500,000
Subtotal	1,846,473	1,899,000	1,958,000	2,019,000	2,083,000	2,148,000
Property Taxes (+2%)	225,000	230,000	235,000	240,000	245,000	250,000
Water & Fire Connection Fees	122,900	301,000	307,000	313,000	320,000	326,000
Interest Earnings (est.)	3,000	7,000	13,000	19,000	20,000	20,000
Cell Phone Tower Lease	31,500	32,000	33,000	34,000	35,000	36,000
Other Revenues	17,600	18,000	19,000	20,000	21,000	22,000
Subtotal Revenues	2,246,473	2,487,000	2,565,000	2,645,000	2,724,000	2,802,000
SRF Loan 022 (Alta Vista Tank)	2,200,000	200,000	-	-	-	-
SRF Loan 024 (Planning Loan)	90,000	-	-	-	-	-
2012 GO Bond Funds	133,921	-	-	-	-	-
<b>Total Revenues</b>	<b>4,670,394</b>	<b>2,687,000</b>	<b>2,565,000</b>	<b>2,645,000</b>	<b>2,724,000</b>	<b>2,802,000</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Wages	470,344	514,000	535,000	556,000	578,000	601,000
Benefits & Taxes	166,836	174,000	181,000	188,000	196,000	204,000
Add'l Personnel Costs	0	103,000	107,000	111,000	116,000	120,000
Supply & Treatment	108,500	113,000	118,000	123,000	128,000	133,000
Transmission & Pumping	185,000	192,000	200,000	208,000	216,000	225,000
Engineer/Legal/Professional Svcs	232,650	242,000	252,000	262,000	272,000	283,000
Other Operating Expenses	185,250	193,000	201,000	209,000	217,000	226,000
Subtotal Operating Expenses	1,348,580	1,531,000	1,594,000	1,657,000	1,723,000	1,792,000
<b>Debt Service</b>						
PNC Equipment Lease	56,340	59,000	62,000	65,000	69,000	72,000
SRF Loan 022 (Alta Vista Tank)	0	93,000	185,000	185,000	185,000	185,000
SRF Loan 024 (Planning Loan)	0	107,000	107,000	107,000	107,000	107,000
Subtotal Debt Service	56,340	259,000	354,000	357,000	361,000	364,000
<b>Non-Operating Expenses</b>						
CIP: Existing Customers	736,463	134,000	171,000	175,000	178,000	182,000
CIP: New Customers/Expansion	0	205,000	166,000	188,000	191,000	144,000
CIP: New Supply Project (New Well)	0	0	100,000	200,000	200,000	200,000
Alta Vista Tank (SRF Funded)	2,200,000	200,000	0	0	0	0
Transfer to SRF Reserve (1/10th Debt)	0	0	11,000	11,000	11,000	11,000
Subtotal Non-Operating Expenses	2,936,463	539,000	448,000	574,000	580,000	537,000
<b>Total Expenses</b>	<b>4,341,383</b>	<b>2,329,000</b>	<b>2,396,000</b>	<b>2,588,000</b>	<b>2,664,000</b>	<b>2,693,000</b>
<b>Revenues Less Expenses</b>	<b>329,011</b>	<b>358,000</b>	<b>169,000</b>	<b>57,000</b>	<b>60,000</b>	<b>109,000</b>
<b>Ending Fund Balances</b>	<b>1,404,011</b>	<b>1,762,000</b>	<b>1,931,000</b>	<b>1,988,000</b>	<b>2,048,000</b>	<b>2,157,000</b>
Debt Service Coverage: $\geq 1.20$	15.94	3.69	2.74	2.77	2.77	2.77

**Table 12**  
**Montara Water & Sanitary District**  
**Scenario 2: Projected Water Rates**

*Rates with across-the-board rate adjustments*

	Current Rates	Projected					
		2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Projected Rate Increase</b>		<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	
<b>Service Charge per Meter per Month</b>							
5/8" x 3/4"	\$25.59	\$26.23	\$26.89	\$27.56	\$28.25	\$28.96	
3/4"	28.15	28.85	29.57	30.31	31.07	31.85	
1"	35.83	36.73	37.65	38.59	39.55	40.54	
1 1/2"	46.06	47.21	48.39	49.60	50.84	52.11	
2"	74.21	76.07	77.97	79.92	81.92	83.97	
3"	281.49	288.53	295.74	303.13	310.71	318.48	
4"	358.26	367.22	376.40	385.81	395.46	405.35	
<b>Quantity Charges (\$ per hcf)</b>							
<b>Tier</b>	<b>Bi-Monthly Use</b>						
Tier 1	0 - 6 hcf	\$7.43	\$7.62	\$7.81	\$8.01	\$8.21	\$8.42
Tier 2	7 - 13 hcf	9.91	10.16	10.41	10.67	10.94	11.21
Tier 3	14 - 27 hcf	12.39	12.70	13.02	13.35	13.68	14.02
Tier 4	Over 27 hcf	17.35	17.78	18.22	18.68	19.15	19.63

**Table 13**  
**Montara Water & Sanitary District**  
**Scenario 2: Bi-Monthly Water Rate Impacts**

Bi-Monthly Use (hcf)	% of Bills in Block	% of Bills at or Below	Bi-Monthly Bills					
			Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Projected Rate Increase</b>				2.5%	2.5%	2.5%	2.5%	2.5%
0	3.8%	3.8%	\$51.18	\$52.46	\$53.78	\$55.12	\$56.50	\$57.92
1	1.7%	5.5%	58.61	60.08	61.59	63.13	64.71	66.34
2	1.7%	7.2%	66.04	67.70	69.40	71.14	72.92	74.76
3	3.2%	10.4%	73.47	75.32	77.21	79.15	81.13	83.18
4	3.8%	14.3%	80.90	82.94	85.02	87.16	89.34	91.60
5	5.3%	19.6%	88.33	90.56	92.83	95.17	97.55	100.02
6	5.8%	25.4%	95.76	98.18	100.64	103.18	105.76	108.44
7	6.1%	31.5%	105.67	108.34	111.05	113.85	116.70	119.65
8	6.8%	38.3%	115.58	118.50	121.46	124.52	127.64	130.86
9	6.8%	45.1%	125.49	128.66	131.87	135.19	138.58	142.07
10	7.0%	52.0%	135.40	138.82	142.28	145.86	149.52	153.28
11	6.1%	58.2%	145.31	148.98	152.69	156.53	160.46	164.49
12	5.9%	64.0%	155.22	159.14	163.10	167.20	171.40	175.70
13	5.2%	69.2%	165.13	169.30	173.51	177.87	182.34	186.91
14	4.4%	73.7%	177.52	182.00	186.53	191.22	196.02	200.93
15	3.5%	77.1%	189.91	194.70	199.55	204.57	209.70	214.95
16	3.3%	80.5%	202.30	207.40	212.57	217.92	223.38	228.97
17	3.0%	83.5%	214.69	220.10	225.59	231.27	237.06	242.99
18	2.6%	86.1%	227.08	232.80	238.61	244.62	250.74	257.01
19	2.3%	88.5%	239.47	245.50	251.63	257.97	264.42	271.03
20	1.9%	90.4%	251.86	258.20	264.65	271.32	278.10	285.05
21	1.5%	91.9%	264.25	270.90	277.67	284.67	291.78	299.07
22	1.2%	93.1%	276.64	283.60	290.69	298.02	305.46	313.09
23	1.0%	94.1%	289.03	296.30	303.71	311.37	319.14	327.11
24	1.0%	95.1%	301.42	309.00	316.73	324.72	332.82	341.13
25	0.6%	95.7%	313.81	321.70	329.75	338.07	346.50	355.15
26	0.7%	96.4%	326.20	334.40	342.77	351.42	360.18	369.17
27	0.6%	96.9%	338.59	347.10	355.79	364.77	373.86	383.19
28	0.6%	97.5%	355.94	364.88	374.01	383.45	393.01	402.82
29	0.5%	97.9%	373.29	382.66	392.23	402.13	412.16	422.45
30	0.2%	98.2%	390.64	400.44	410.45	420.81	431.31	442.08
31	0.2%	98.4%	407.99	418.22	428.67	439.49	450.46	461.71
32	0.2%	98.5%	425.34	436.00	446.89	458.17	469.61	481.34
33	0.2%	98.7%	442.69	453.78	465.11	476.85	488.76	500.97
34	0.1%	98.8%	460.04	471.56	483.33	495.53	507.91	520.60
35	0.1%	99.0%	477.39	489.34	501.55	514.21	527.06	540.23
36	0.1%	99.0%	494.74	507.12	519.77	532.89	546.21	559.86
37	0.1%	99.1%	512.09	524.90	537.99	551.57	565.36	579.49
38	0.0%	99.2%	529.44	542.68	556.21	570.25	584.51	599.12
39	0.1%	99.3%	546.79	560.46	574.43	588.93	603.66	618.75
40	0.1%	99.3%	564.14	578.24	592.65	607.61	622.81	638.38
41	0.1%	99.4%	581.49	596.02	610.87	626.29	641.96	658.01
42	0.0%	99.4%	598.84	613.80	629.09	644.97	661.11	677.64
43	0.0%	99.5%	616.19	631.58	647.31	663.65	680.26	697.27
44	0.0%	99.5%	633.54	649.36	665.53	682.33	699.41	716.90
45	0.0%	99.5%	650.89	667.14	683.75	701.01	718.56	736.53
46	0.0%	99.6%	668.24	684.92	701.97	719.69	737.71	756.16
47	0.1%	99.6%	685.59	702.70	720.19	738.37	756.86	775.79
48	0.0%	99.7%	702.94	720.48	738.41	757.05	776.01	795.42
49	0.0%	99.7%	720.29	738.26	756.63	775.73	795.16	815.05
50	0.0%	99.7%	737.64	756.04	774.85	794.41	814.31	834.68
75	51-75: 0.15%	99.9%	1,171.39	1,200.54	1,230.35	1,261.41	1,293.06	1,325.43
100	76-100: 0.09%	100.0%	1,605.14	1,645.04	1,685.85	1,728.41	1,771.81	1,816.18
200	101-200: 0.02%	100.0%	3,340.14	3,423.04	3,507.85	3,596.41	3,686.81	3,779.18



**Table 14**  
**Montara Water & Sanitary District**  
**Scenario 2: Water Rate Impacts**

	Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>LOW USE: 6 hcf bi-monthly use (74 gpd)</b>						
<i>25% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$95.76	\$98.18	\$100.64	\$103.18	\$105.76	\$108.44
Monthly Equivalent	47.88	49.09	50.32	51.59	52.88	54.22
Cost per Day	1.57	1.61	1.65	1.70	1.74	1.78
All-In Cost per 100 gallons	2.13	2.19	2.24	2.30	2.36	2.42
<b>MEDIAN USE: 10 hcf bi-monthly use (123 gpd)</b>						
<i>52% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$135.40	\$138.82	\$142.28	\$145.86	\$149.52	\$153.28
Monthly Equivalent	67.70	69.41	71.14	72.93	74.76	76.64
Cost per Day	2.23	2.28	2.34	2.40	2.46	2.52
All-In Cost per 100 gallons	1.81	1.86	1.90	1.95	2.00	2.05
<b>AVERAGE USE: 11 hcf bi-monthly use (135 gpd)</b>						
<i>58% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$145.31	\$148.98	\$152.69	\$156.53	\$160.46	\$164.49
Monthly Equivalent	72.66	74.49	76.35	78.27	80.23	82.25
Cost per Day	2.39	2.45	2.51	2.57	2.64	2.70
All-In Cost per 100 gallons	1.77	1.81	1.86	1.90	1.95	2.00
<b>MOD-HIGH USE: 20 hcf bi-monthly use (246 gpd)</b>						
<i>90% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$251.86	\$258.20	\$264.65	\$271.32	\$278.10	\$285.05
Monthly Equivalent	125.93	129.10	132.33	135.66	139.05	142.53
Cost per Day	4.14	4.24	4.35	4.46	4.57	4.69
All-In Cost per 100 gallons	1.68	1.73	1.77	1.81	1.86	1.91
<b>HIGH USE: 35 hcf bi-monthly use (430 gpd)</b>						
<i>99% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$477.39	\$489.34	\$501.55	\$514.21	\$527.06	\$540.23
Monthly Equivalent	238.70	244.67	250.78	257.11	263.53	270.12
Cost per Day	7.85	8.04	8.24	8.45	8.66	8.88
All-In Cost per 100 gallons	1.82	1.87	1.92	1.96	2.01	2.06

**Scenario 3:  
3.0% Rate Increases  
10 New Water Connections**



**Table 15**  
**Montara Water & Sanitary District**  
**Scenario 3: Water Cash Flow Projections**

DRAFT

	Budget	Projected				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
		July 1	July 1	July 1	July 1	July 1
Rate Adjustments		3.0%	3.0%	3.0%	3.0%	3.0%
Monthly SFR Bill: 5/8" mtr, 5 ccf use	\$67.70	\$69.73	\$71.82	\$73.98	\$76.20	\$78.48
New Water Connections (EDUs)	10	10	10	10	10	10
New Fire Svc Connections (EDUs)	5	5	5	5	5	5
Meter Upsizings 5/8" > 3/4"	-	5	5	5	5	5
Water Capacity Charge (5/8")	\$14,992	\$15,292	\$15,598	\$15,910	\$16,228	\$16,553
Private Fire Protection Charge (3/4")	\$4,707	\$4,801	\$4,897	\$4,995	\$5,095	\$5,197
Private Fire Protection Charge (1")	\$7,862	\$8,019	\$8,179	\$8,343	\$8,510	\$8,680
Growth in Customer Base	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Price Elasticity: -0.015		-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Interest Earnings Rate	0.3%	0.5%	0.75%	1.0%	1.0%	1.0%
Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%
<b>Beginning Fund Balances All Funds</b>	<b>\$1,075,000</b>	<b>\$1,404,000</b>	<b>\$1,662,000</b>	<b>\$1,731,000</b>	<b>\$1,688,000</b>	<b>\$1,647,000</b>
<b>REVENUES</b>						
Water Service Charges	550,000	570,000	591,000	612,000	634,000	657,000
Water Quantity Charges	1,296,473	1,337,000	1,379,000	1,422,000	1,467,000	1,513,000
Subtotal	1,846,473	1,907,000	1,970,000	2,034,000	2,101,000	2,170,000
Property Taxes (+2%)	225,000	230,000	235,000	240,000	245,000	250,000
Water & Fire Connection Fees	122,900	193,000	196,000	200,000	204,000	208,000
Interest Earnings (est.)	3,000	7,000	12,000	17,000	17,000	16,000
Cell Phone Tower Lease	31,500	32,000	33,000	34,000	35,000	36,000
Other Revenues	17,600	18,000	19,000	20,000	21,000	22,000
Subtotal Revenues	2,246,473	2,387,000	2,465,000	2,545,000	2,623,000	2,702,000
SRF Loan 022 (Alta Vista Tank)	2,200,000	200,000	-	-	-	-
SRF Loan 024 (Planning Loan)	90,000	-	-	-	-	-
2012 GO Bond Funds	133,921	-	-	-	-	-
<b>Total Revenues</b>	<b>4,670,394</b>	<b>2,587,000</b>	<b>2,465,000</b>	<b>2,545,000</b>	<b>2,623,000</b>	<b>2,702,000</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Wages	470,344	514,000	535,000	556,000	578,000	601,000
Benefits & Taxes	166,836	174,000	181,000	188,000	196,000	204,000
Add'l Personnel Costs	0	103,000	107,000	111,000	116,000	120,000
Supply & Treatment	108,500	113,000	118,000	123,000	128,000	133,000
Transmission & Pumping	185,000	192,000	200,000	208,000	216,000	225,000
Engineer/Legal/Professional Svcs	232,650	242,000	252,000	262,000	272,000	283,000
Other Operating Expenses	185,250	193,000	201,000	209,000	217,000	226,000
Subtotal Operating Expenses	1,348,580	1,531,000	1,594,000	1,657,000	1,723,000	1,792,000
<b>Debt Service</b>						
PNC Equipment Lease	56,340	59,000	62,000	65,000	69,000	72,000
SRF Loan 022 (Alta Vista Tank)	0	93,000	185,000	185,000	185,000	185,000
SRF Loan 024 (Planning Loan)	0	107,000	107,000	107,000	107,000	107,000
Subtotal Debt Service	56,340	259,000	354,000	357,000	361,000	364,000
<b>Non-Operating Expenses</b>						
CIP: Existing Customers	736,463	134,000	171,000	175,000	178,000	182,000
CIP: New Customers/Expansion	0	205,000	166,000	188,000	191,000	144,000
CIP: New Supply Project (New Well)	0	0	100,000	200,000	200,000	200,000
Alta Vista Tank (SRF Funded)	2,200,000	200,000	0	0	0	0
Transfer to SRF Reserve (1/10th Debt)	0	0	11,000	11,000	11,000	11,000
Subtotal Non-Operating Expenses	2,936,463	539,000	448,000	574,000	580,000	537,000
<b>Total Expenses</b>	<b>4,341,383</b>	<b>2,329,000</b>	<b>2,396,000</b>	<b>2,588,000</b>	<b>2,664,000</b>	<b>2,693,000</b>
<b>Revenues Less Expenses</b>	<b>329,011</b>	<b>258,000</b>	<b>69,000</b>	<b>(43,000)</b>	<b>(41,000)</b>	<b>9,000</b>
<b>Ending Fund Balances</b>	<b>1,404,011</b>	<b>1,662,000</b>	<b>1,731,000</b>	<b>1,688,000</b>	<b>1,647,000</b>	<b>1,656,000</b>
Debt Service Coverage: $\geq 1.20$	15.94	3.31	2.46	2.49	2.49	2.50

**Table 16**  
**Montara Water & Sanitary District**  
**Scenario 3: Projected Water Rates**

*Rates with across-the-board rate adjustments*

	Current Rates	Projected					
		2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Projected Rate Increase</b>		<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	
<b>Service Charge per Meter per Month</b>							
5/8" x 3/4"	\$25.59	\$26.36	\$27.15	\$27.96	\$28.80	\$29.66	
3/4"	28.15	28.99	29.86	30.76	31.68	32.63	
1"	35.83	36.90	38.01	39.15	40.32	41.53	
1 1/2"	46.06	47.44	48.86	50.33	51.84	53.40	
2"	74.21	76.44	78.73	81.09	83.52	86.03	
3"	281.49	289.93	298.63	307.59	316.82	326.32	
4"	358.26	369.01	380.08	391.48	403.22	415.32	
<b>Quantity Charges (\$ per hcf)</b>							
<u>Tier</u>	<u>Bi-Monthly Use</u>						
Tier 1	0 - 6 hcf	\$7.43	\$7.65	\$7.88	\$8.12	\$8.36	\$8.61
Tier 2	7 - 13 hcf	9.91	10.21	10.52	10.84	11.17	11.51
Tier 3	14 - 27 hcf	12.39	12.76	13.14	13.53	13.94	14.36
Tier 4	Over 27 hcf	17.35	17.87	18.41	18.96	19.53	20.12

**Table 17**  
**Montara Water & Sanitary District**  
**Scenario 3: Bi-Monthly Water Rate Impacts**

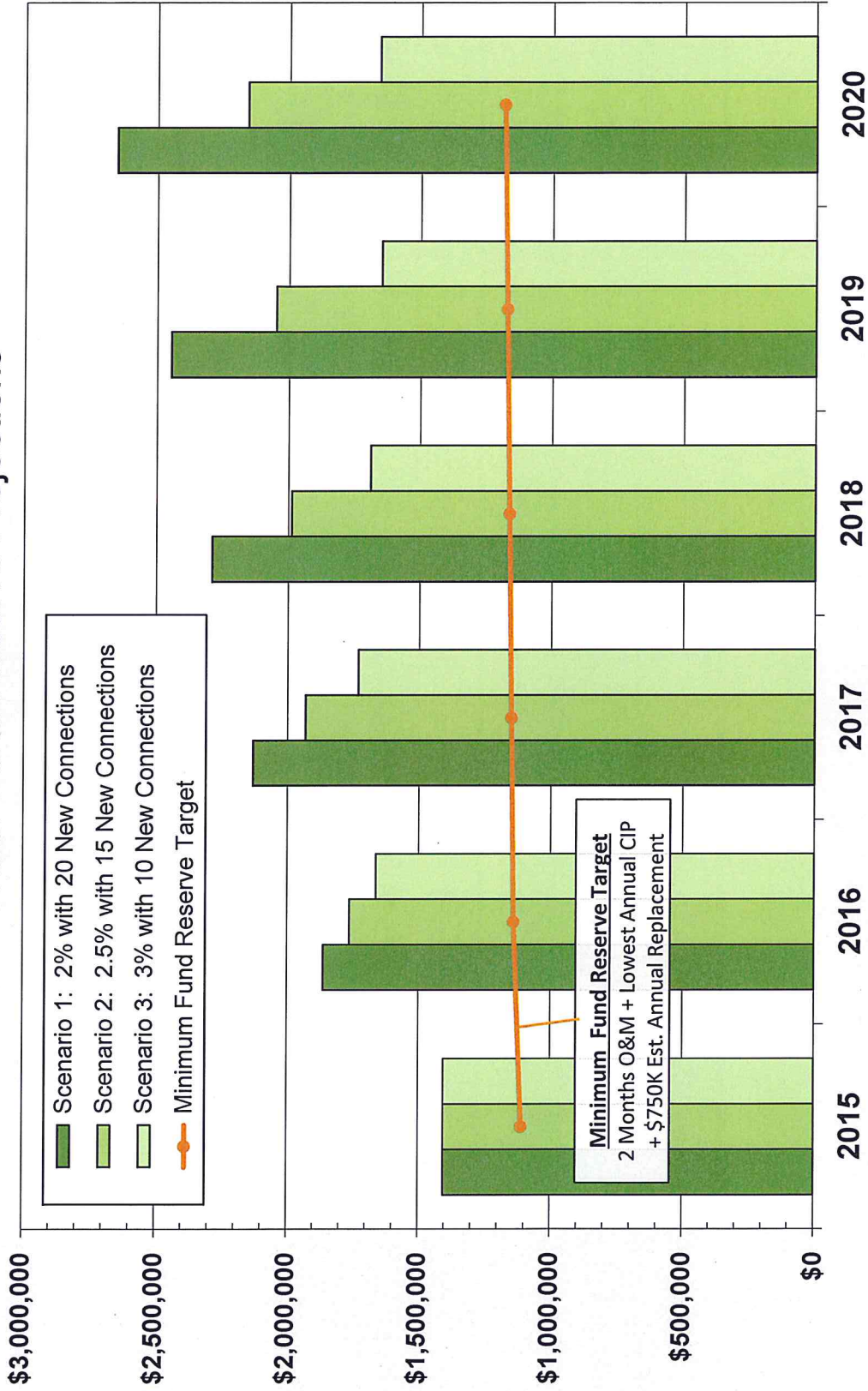
Bi-Monthly Use (hcf)	% of Bills in Block	% of Bills at or Below	Bi-Monthly Bills					
			Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Projected Rate Increase</b>				3.0%	3.0%	3.0%	3.0%	3.0%
0	3.8%	3.8%	\$51.18	\$52.72	\$54.30	\$55.92	\$57.60	\$59.32
1	1.7%	5.5%	58.61	60.37	62.18	64.04	65.96	67.93
2	1.7%	7.2%	66.04	68.02	70.06	72.16	74.32	76.54
3	3.2%	10.4%	73.47	75.67	77.94	80.28	82.68	85.15
4	3.8%	14.3%	80.90	83.32	85.82	88.40	91.04	93.76
5	5.3%	19.6%	88.33	90.97	93.70	96.52	99.40	102.37
6	5.8%	25.4%	95.76	98.62	101.58	104.64	107.76	110.98
7	6.1%	31.5%	105.67	108.83	112.10	115.48	118.93	122.49
8	6.8%	38.3%	115.58	119.04	122.62	126.32	130.10	134.00
9	6.8%	45.1%	125.49	129.25	133.14	137.16	141.27	145.51
10	7.0%	52.0%	135.40	139.46	143.66	148.00	152.44	157.02
11	6.1%	58.2%	145.31	149.67	154.18	158.84	163.61	168.53
12	5.9%	64.0%	155.22	159.88	164.70	169.68	174.78	180.04
13	5.2%	69.2%	165.13	170.09	175.22	180.52	185.95	191.55
14	4.4%	73.7%	177.52	182.85	188.36	194.05	199.89	205.91
15	3.5%	77.1%	189.91	195.61	201.50	207.58	213.83	220.27
16	3.3%	80.5%	202.30	208.37	214.64	221.11	227.77	234.63
17	3.0%	83.5%	214.69	221.13	227.78	234.64	241.71	248.99
18	2.6%	86.1%	227.08	233.89	240.92	248.17	255.65	263.35
19	2.3%	88.5%	239.47	246.65	254.06	261.70	269.59	277.71
20	1.9%	90.4%	251.86	259.41	267.20	275.23	283.53	292.07
21	1.5%	91.9%	264.25	272.17	280.34	288.76	297.47	306.43
22	1.2%	93.1%	276.64	284.93	293.48	302.29	311.41	320.79
23	1.0%	94.1%	289.03	297.69	306.62	315.82	325.35	335.15
24	1.0%	95.1%	301.42	310.45	319.76	329.35	339.29	349.51
25	0.6%	95.7%	313.81	323.21	332.90	342.88	353.23	363.87
26	0.7%	96.4%	326.20	335.97	346.04	356.41	367.17	378.23
27	0.6%	96.9%	338.59	348.73	359.18	369.94	381.11	392.59
28	0.6%	97.5%	355.94	366.60	377.59	388.90	400.64	412.71
29	0.5%	97.9%	373.29	384.47	396.00	407.86	420.17	432.83
30	0.2%	98.2%	390.64	402.34	414.41	426.82	439.70	452.95
31	0.2%	98.4%	407.99	420.21	432.82	445.78	459.23	473.07
32	0.2%	98.5%	425.34	438.08	451.23	464.74	478.76	493.19
33	0.2%	98.7%	442.69	455.95	469.64	483.70	498.29	513.31
34	0.1%	98.8%	460.04	473.82	488.05	502.66	517.82	533.43
35	0.1%	99.0%	477.39	491.69	506.46	521.62	537.35	553.55
36	0.1%	99.0%	494.74	509.56	524.87	540.58	556.88	573.67
37	0.1%	99.1%	512.09	527.43	543.28	559.54	576.41	593.79
38	0.0%	99.2%	529.44	545.30	561.69	578.50	595.94	613.91
39	0.1%	99.3%	546.79	563.17	580.10	597.46	615.47	634.03
40	0.1%	99.3%	564.14	581.04	598.51	616.42	635.00	654.15
41	0.1%	99.4%	581.49	598.91	616.92	635.38	654.53	674.27
42	0.0%	99.4%	598.84	616.78	635.33	654.34	674.06	694.39
43	0.0%	99.5%	616.19	634.65	653.74	673.30	693.59	714.51
44	0.0%	99.5%	633.54	652.52	672.15	692.26	713.12	734.63
45	0.0%	99.5%	650.89	670.39	690.56	711.22	732.65	754.75
46	0.0%	99.6%	668.24	688.26	708.97	730.18	752.18	774.87
47	0.1%	99.6%	685.59	706.13	727.38	749.14	771.71	794.99
48	0.0%	99.7%	702.94	724.00	745.79	768.10	791.24	815.11
49	0.0%	99.7%	720.29	741.87	764.20	787.06	810.77	835.23
50	0.0%	99.7%	737.64	759.74	782.61	806.02	830.30	855.35
75	51-75: 0.15%	99.9%	1,171.39	1,206.49	1,242.86	1,280.02	1,318.55	1,358.35
100	76-100: 0.09%	100.0%	1,605.14	1,653.24	1,703.11	1,754.02	1,806.80	1,861.35
200	101-200: 0.02%	100.0%	3,340.14	3,440.24	3,544.11	3,650.02	3,759.80	3,873.35

**Table 18**  
**Montara Water & Sanitary District**  
**Scenario 3: Water Rate Impacts**

	Current	2015/16	2016/17	2017/18	2018/19	2019/20
<b>LOW USE: 6 hcf bi-monthly use (74 gpd)</b>						
<i>25% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$95.76	\$98.62	\$101.58	\$104.64	\$107.76	\$110.98
Monthly Equivalent	47.88	49.31	50.79	52.32	53.88	55.49
Cost per Day	1.57	1.62	1.67	1.72	1.77	1.82
All-In Cost per 100 gallons	2.13	2.20	2.26	2.33	2.40	2.47
<b>MEDIAN USE: 10 hcf bi-monthly use (123 gpd)</b>						
<i>52% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$135.40	\$139.46	\$143.66	\$148.00	\$152.44	\$157.02
Monthly Equivalent	67.70	69.73	71.83	74.00	76.22	78.51
Cost per Day	2.23	2.29	2.36	2.43	2.51	2.58
All-In Cost per 100 gallons	1.81	1.86	1.92	1.98	2.04	2.10
<b>AVERAGE USE: 11 hcf bi-monthly use (135 gpd)</b>						
<i>58% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$145.31	\$149.67	\$154.18	\$158.84	\$163.61	\$168.53
Monthly Equivalent	72.66	74.84	77.09	79.42	81.81	84.27
Cost per Day	2.39	2.46	2.53	2.61	2.69	2.77
All-In Cost per 100 gallons	1.77	1.82	1.87	1.93	1.99	2.05
<b>MOD-HIGH USE: 20 hcf bi-monthly use (246 gpd)</b>						
<i>90% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$251.86	\$259.41	\$267.20	\$275.23	\$283.53	\$292.07
Monthly Equivalent	125.93	129.71	133.60	137.62	141.77	146.04
Cost per Day	4.14	4.26	4.39	4.52	4.66	4.80
All-In Cost per 100 gallons	1.68	1.73	1.79	1.84	1.90	1.95
<b>HIGH USE: 35 hcf bi-monthly use (430 gpd)</b>						
<i>99% of residential bills are at or below this level of use</i>						
Bi-Monthly Bill	\$477.39	\$491.69	\$506.46	\$521.62	\$537.35	\$553.55
Monthly Equivalent	238.70	245.85	253.23	260.81	268.68	276.78
Cost per Day	7.85	8.08	8.33	8.57	8.83	9.10
All-In Cost per 100 gallons	1.82	1.88	1.93	1.99	2.05	2.11

# Montara Water & Sanitary District Water Fund Reserve Projections

Chart B



Total Water Fund Reserves on June 30

## Montara Water & Sanitary District

### Bi-Monthly Single Family Residential Water Bill Comparison (5/8" or 3/4" Meter, 11 ccf Bi-Monthly Water Use)

Chart C

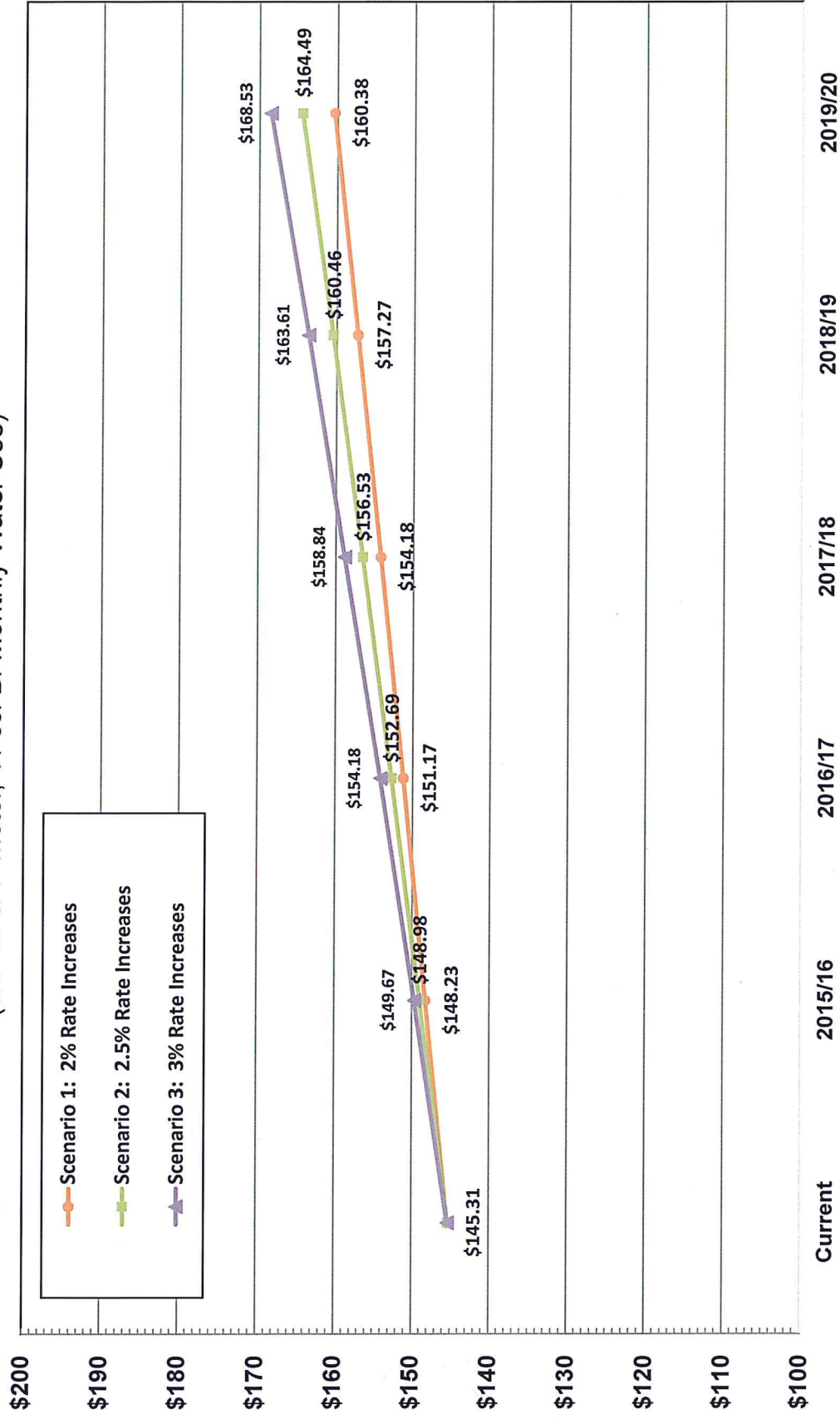
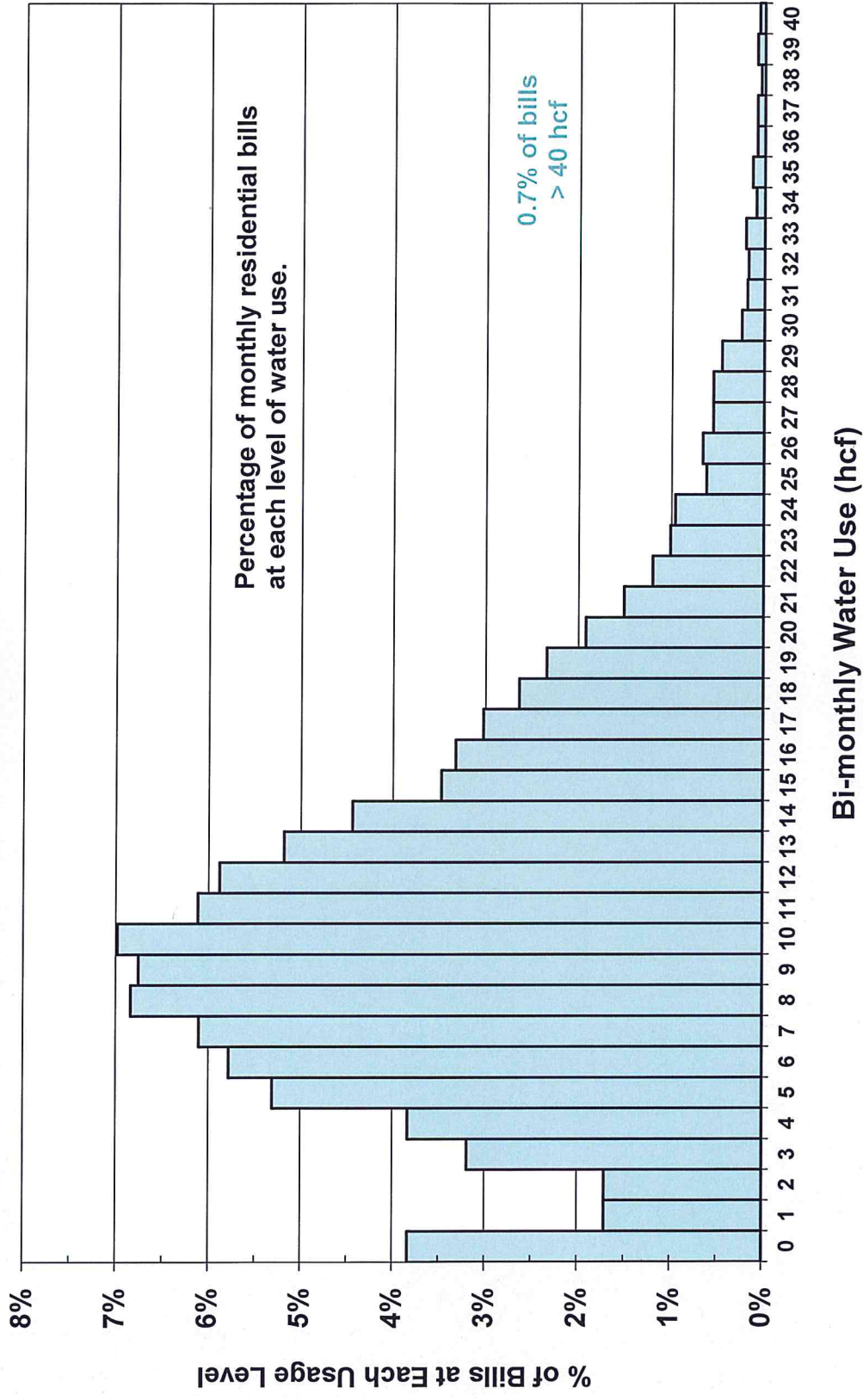




Chart D

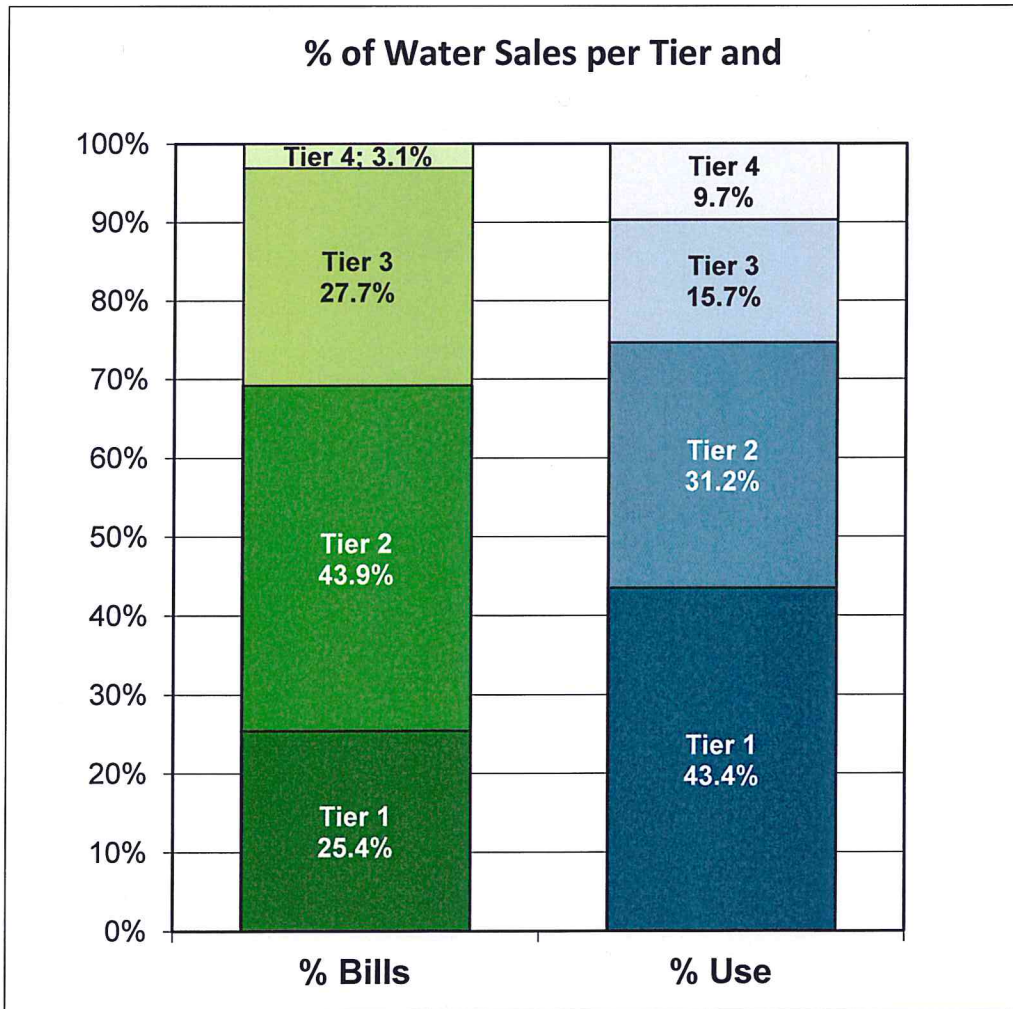
### Montara Water & Sanitary District Bi-Monthly Single Family Residential Water Bill Distribution 2012/13



**Table 19**  
**Montara Water & Sanitary District**  
**Water Bills & Use per Tier**

Water Bills & Use by Tier					
	Bi-Monthly Use	Bills Ending in Tier		Water Use in Tier	
		#	%	#	%
Tier 1	0 - 6 hcf	2,480	25.4%	53,708	43.4%
Tier 2	7 - 13 hcf	4,290	43.9%	38,570	31.2%
Tier 3	14 - 27 hcf	2,709	27.7%	19,367	15.7%
Tier 4	Over 27 hcf	<u>301</u>	<u>3.1%</u>	<u>11,974</u>	<u>9.7%</u>
Total		9,780	100.0%	123,619	100.0%

*Note: Based on billing data from FY 2012/13 with adjustments.*



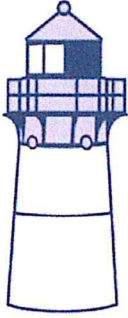
**Table 20**  
**Montara Water & Sanitary District**  
**Residential vs Commercial Use and Revenues**

	COASTSIDE CWD		MONTARA WSD	
	Consumption	Revenues	Consumption	Revenues
Residential	58%	59%	91%	89%
Commercial	<u>42%</u>	<u>41%</u>	<u>9%</u>	<u>11%</u>
Total	100%	100%	100%	100%
	COASTSIDE CWD		MONTARA WSD	
	CCWD Total O&M	Excluding Commercial	Montara Total O&M	Excluding Commercial
2014/15 O&M Expenses	\$7,255,175	\$4,273,290	\$1,348,580	\$1,206,597
Estimated Service Population	20,000	20,000	6,000	6,000
Annual O&M Cost per Capita	\$362.76	\$213.66	\$224.76	\$201.10
Monthly O&M Cost per Capita	\$30.23	\$17.81	\$18.73	\$16.76

**Table 21**  
**Montara Water & Sanitary District**  
**Monthly Private Fire Protection Charges**

	Current Rates	Adjusted Current Rates (1)	Projected				
			2015/16	2016/17	2017/18	2018/19	2019/20
<b>Scenario 1: Projected Rate Increase</b>			<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Private Fire Protection Charge per Month</b>							
Up to 4 inch connection	\$15.44	\$17.52	\$17.87	\$18.23	\$18.59	\$18.96	\$19.34
6 inch connection	21.89	\$24.85	\$25.35	\$25.86	\$26.38	\$26.91	\$27.45
8 inch connection	29.17	\$33.11	\$33.77	\$34.45	\$35.14	\$35.84	\$36.56
10 inch connection	61.48	\$69.78	\$71.18	\$72.60	\$74.05	\$75.53	\$77.04
12 inch connection	85.81	\$97.39	\$99.34	\$101.33	\$103.36	\$105.43	\$107.54
<b>Scenario 2: Projected Rate Increase</b>			<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>
<b>Private Fire Protection Charge per Month</b>							
Up to 4 inch connection	\$15.44	\$17.52	\$17.96	\$18.41	\$18.87	\$19.34	\$19.82
6 inch connection	21.89	\$24.85	\$25.47	\$26.11	\$26.76	\$27.43	\$28.12
8 inch connection	29.17	\$33.11	\$33.94	\$34.79	\$35.66	\$36.55	\$37.46
10 inch connection	61.48	\$69.78	\$71.52	\$73.31	\$75.14	\$77.02	\$78.95
12 inch connection	85.81	\$97.39	\$99.82	\$102.32	\$104.88	\$107.50	\$110.19
<b>Scenario 3: Projected Rate Increase</b>			<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Private Fire Protection Charge per Month</b>							
Up to 4 inch connection	\$15.44	\$17.52	\$18.05	\$18.59	\$19.15	\$19.72	\$20.31
6 inch connection	21.89	\$24.85	\$25.60	\$26.37	\$27.16	\$27.97	\$28.81
8 inch connection	29.17	\$33.11	\$34.10	\$35.12	\$36.17	\$37.26	\$38.38
10 inch connection	61.48	\$69.78	\$71.87	\$74.03	\$76.25	\$78.54	\$80.90
12 inch connection	85.81	\$97.39	\$100.31	\$103.32	\$106.42	\$109.61	\$112.90

1 - The current private fire protection charges were not increased on July 1, 2014. The proposed charges are based on the current rates increased by 13.5%.



# Montara Water & Sanitary District

Serving the Communities of Montara and Moss Beach

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8888 Cabrillo Highway

Fax: (650) 728-8556

Montara, CA 94037-0131

E-mail: [mwsd@coastside.net](mailto:mwsd@coastside.net)

Visit Our Web Site: <http://www.mwsd.montara.com>

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## NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES TO WATER RATES & PRIVATE FIRE SERVICE CHARGES

Dear Property Owner or Customer, \_\_\_\_\_, 2015

This notice is being sent to inform you that the Montara Water and Sanitary District is proposing to adopt small annual adjustments to its water rates over the next two years. The proposed increases are designed to keep up with inflation and prevent rates from falling behind the cost of providing service. The District will hold a public hearing on the proposed water service charges as follows:

**Date:** \_\_\_\_\_, 2015

**Time:** 7:30 p.m. or as soon thereafter as the matter may be heard

**Place:** Montara Water and Sanitary District

8888 Cabrillo Highway,

Montara, CA 94037

(Adjacent to the Point Montara Lighthouse & Hostel)

The District's water utility is a self-supporting enterprise that relies primarily on revenues from water service charges to fund the costs of providing service. As such, water rates must be set at levels adequate to fund the costs of operating and maintaining the water system, meeting debt service obligations, and funding necessary capital investments to keep the water system in good operating condition.

The District last adopted water rate adjustments in 2010. At the time, the District adopted two years of rate increases. Due to a number of cost control measures and other factors, the District was able to phase those increases in over four years. During the prior rate study, the District also reduced its fixed monthly service charges and transitioned its water quantity charges to a 4-tiered rate structure designed to encourage conservation. *No adjustments to the water rate structure are proposed at this time.*

In recent years, a number of objectives have been accomplished that have reduced the District's future funding needs. These accomplishments include:

- The District has been successful tapping additional sources of local water supply to meet the community's needs.

- The District acquired the private Pillar Ridge water system and integrated Pillar Ridge into its service area.
- The District was successful at obtaining a low-interest-rate loan from the State Revolving Fund Financing Program to help fund the new Alta Vista water storage tank. The loan carries a 2.3% interest rate and will be repaid over 20 years.
- The District has substantially reduced future funding projections for its capital improvement program and eliminated the need for a new \$1.5 million water treatment facility.
- The District was able take advantage of low interest rates to refinance prior debt and achieve savings.
- The local moratorium on new development has been lifted.

### Proposed Water Rates

The District is proposing to adopt small annual adjustments to its water rates over the next two years as shown on the table below. The District's rates include two components: 1) fixed service charges based on meter size, and 2) water quantity charges billed according to a 4-tiered rate structure with water purchased first in Tier 1 and then subsequently in higher tiers as water use increases.

<b>PROPOSED WATER RATES</b>			
	<b>Current Water Rates</b>	<b>Proposed Rates Effective On or After</b>	
		<b>July 1 2015</b>	<b>July 1 2016</b>
<b>Proposed Rate Increase</b>		2.0%	2.0%
<b>Monthly Service Charges</b>			
<i>Fixed charge based on meter size</i>			
<u>Meter Size</u>			
5/8 x 3/4-inch	\$25.59	\$26.10	\$26.62
3/4-inch	28.15	28.71	29.28
1-inch	35.83	36.55	37.28
1-1/2-inch	46.06	46.98	47.92
2-inch	74.21	75.69	77.20
3-inch	281.49	287.12	292.86
4-inch	358.26	365.43	372.74
<b>Quantity Charges (\$ per hcf)</b>			
<i>Billed per 100 cubic feet of metered water use (\$/hcf)</i>			
<u>Tier</u>	<u>Bi-Monthly Use</u>		
Tier 1	0 - 6 hcf	\$7.43	\$7.58
Tier 2	7 - 13 hcf	9.91	10.11
Tier 3	14 - 27 hcf	12.39	12.64
Tier 4	Over 27 hcf	17.35	17.70

1 hcf = 100 hundred cubic feet = 748 gallons

**Proposed Private Fire Protection Service Charges**

The District is also proposing to adjust its Private Fire Protection Service Charges as shown on the table below. These charges were not increased the last time the District implemented a water rate increase and will be brought back in line with water rates and subsequently increased by the same percentages as the District’s proposed water rates in future years. Private Fire Protection Service Charges are fixed charges based on meter size.

<b>PROPOSED PRIVATE FIRE PROTECTION CHARGES</b>			
	<b>Current Charges</b>	<b>Proposed Charges Effective On or After</b>	
		<b>July 1 2015*</b>	<b>July 1 2016</b>
<b>Private Fire Protection Charge per Month</b>			
Up to 4 inch connection	\$15.44	\$17.87	\$18.23
6 inch connection	21.89	25.35	25.86
8 inch connection	29.17	33.77	34.45
10 inch connection	61.48	71.18	72.60
12 inch connection	85.81	99.34	101.33

\* Proposed charges effective July 1, 2015 include a one-time catch-up since the District did not adjust Private Fire Service Protection Charges when it last increased water rates.

**How to Protest the Proposed Rate Increases**

Property owners and customers may file written protests against the proposed rate increases. Pursuant to California law, protests must be submitted in writing and must a) identify the affected property or properties, such as by address, Assessor’s Parcel Number, or customer account number; b) include the name and signature of the customer or property owner submitting the protest; and c) indicate opposition to the proposed water rate increases and/or private fire protection service charge increases. Protests submitted by e-mail, facsimile, or other electronic means will not be accepted. The proposed rates will not be adopted if written protests are received from a majority of affected parcels with one written protest counted per parcel. Written protests can be mailed to: District Clerk, Montara Water and Sanitary District, P.O. Box 370131, Montara, CA 94037. Written protests may also be delivered to the District’s headquarters at 8888 Cabrillo Highway. All written protests must be submitted prior to the close of the Public Hearing.

*For additional information or questions, please contact the District at (650) 728-3545.*

## HOW DO I CALCULATE MY WATER BILL UNDER THE PROPOSED WATER RATES?

Your water bill consists of two parts: 1) a fixed service charges based on meter size, and 2) water quantity charges billed based on metered water consumption. Water quantity charges are billed within four tiers based on water used in each two-month billing period: Tier 1 applies to metered water use between zero and 6 hcf. Tier 2 applies to use from 7 -13 units, Tier 3 from 14 - 27 units and Tier 4 to all use over 27 hcf. *One hcf = one hundred cubic feet, or approximately 748 gallons.*

**Step 1:** Find your monthly service charge which varies by meter size. The typical residential customer uses a 5/8-inch meter. The District bills on a bi-monthly basis for water service, with one bill sent every two months. Hence your bill will include fixed service charges for two months.

**Step 2:** Determine your level of water consumption within each tier and multiply by the appropriate tier rate. You will find water consumption information in your most recent water bill. Water quantity charges can be calculated by first applying usage in Tier 1 to the Tier 1 rate, then applying subsequent use in Tier 2 to the Tier 2 rate, and so on. The District's tiers are bi-monthly tiers and apply to metered water use during each two-month billing cycle.

**Step 3:** Estimate your water bill under the proposed rates. Add your bi-monthly service charges to the bi-monthly consumption charges to generate your total proposed water bill.

**A sample calculation for a typical single family residence with a 5/8-inch meter that uses 11 hcf of water (about 135 gallons per day) in a two-month billing period is shown below:**

### SAMPLE WATER BILL CALCULATION FOR PROPOSED WATER RATES EFFECTIVE JULY 1, 2015

<b>Step 1: Fixed Service Charge (for 2 Months)</b>		
5/8-inch meter: \$26.10 per month multiplied by 2 months		\$52.20
<b>Step 2: Water Quantity Charge (for 2 Months)</b> (Assumes 11 hcf of metered water use)		
6 hcf multiplied by the Tier 1 rate of \$7.58 per hcf		\$45.58
5 hcf multiplied by the Tier 2 rate of \$10.11 per hcf		<u>50.55</u>
Subtotal Consumption Charges:		96.03
<b>Step 3: Total Water Bill (for 2 Months)</b>		
Bi-monthly Service Charge:		\$52.20
Bi-monthly Consumption Charges		<u>96.03</u>
Total Water Bill (for 2 months)		148.23