

Seaside Municipal Water System Water Rate Study 2019



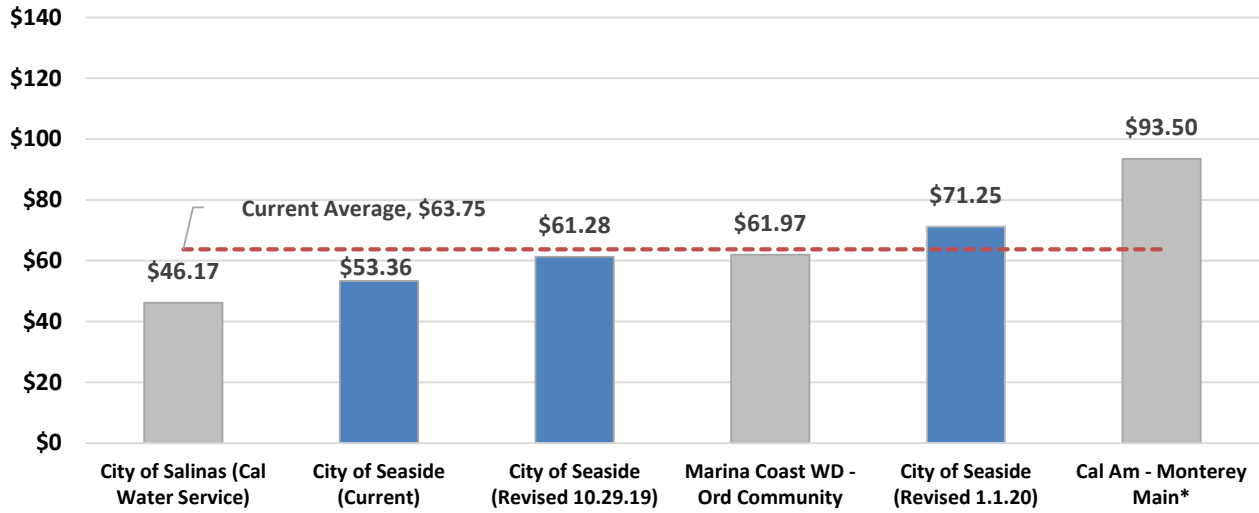
Revised Tables - Reduced Rate Scenario
10/10/2019



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Figure 1: Water Rate Survey

Seaside Municipal Water System
Water Rate Study



*Cal Am Rate = 2019 Step Rates with CAM and MP&PS

Table ES-1

Executive Summary - October 2019 Revised Fixed Meter Rates

		Current	Proposed Rates (\$/Month)				
WATER			10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Meter Size							
	3/4" or less	\$25.32	\$26.09	\$30.00	\$34.50	\$39.67	\$39.67
	1 Inch Meter	\$25.32	\$43.48	\$50.00	\$57.50	\$66.12	\$66.12
	1.5 Inch Meter	\$82.20	\$86.95	\$99.99	\$114.99	\$132.24	\$132.24
	2 Inch Meter	\$129.20	\$139.12	\$159.99	\$183.99	\$211.59	\$211.59
	3 Inch Meter	\$225.21	\$260.85	\$299.98	\$344.98	\$396.73	\$396.73
	4 Inch Meter		\$434.76	\$499.97	\$574.96	\$661.21	\$661.21
	6 Inch Meter		\$869.51	\$999.94	\$1,149.93	\$1,322.42	\$1,322.42

Based on revised capital plan and debt issuance recommendations = lower than prop 218 noticed rates

Table ES-2

Executive Summary - October 2019 Revised Volumetric Water Rates

WATER	Current Monthly Rates	
Current Residential Allocations per Month		(\$/tcf)
Tier 1	0 - 40	\$0.387
Tier 2	40 - 100	\$0.837
Tier 3	100 - 200	\$1.356
Tier 4	200 - 300	\$1.935
Tier 5	300 - 400	\$2.653
Tier 6	400 +	\$3.462

		10/29/2019		1/1/2020		1/1/2021		1/1/2022		1/1/2023	
Proposed Volumetric Rates	(\$/tcf)	Tier 1 \$0.70	Tier 2 \$1.36	Tier 1 \$0.80	Tier 2 \$1.46	Tier 1 \$0.93	Tier 2 \$1.60	Tier 1 \$1.06	Tier 2 \$1.76	Tier 1 \$1.06	Tier 2 \$1.78
Proposed Allocations per Month [1]		Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2
Single Family Residential (per dwelling)	(tcf)	0 to 57	57 +	0 to 49	49 +	0 to 49	49 +	0 to 49	49 +	0 to 37	37 +
Multifamily #1 (per meter)	(tcf)	0 to 9,547	9,547 +	0 to 8,165	8,165 +	0 to 8,165	8,165 +	0 to 8,165	8,165 +	0 to 6,182	6,182 +
Multifamily #2 (per meter)	(tcf)	0 to 2,417	2,417 +	0 to 2,067	2,067 +	0 to 2,067	2,067 +	0 to 2,067	2,067 +	0 to 1,565	1,565 +
School #1 (per student)	(tcf)	0 to 6.682	6.682 +	0 to 5.714	5.714 +	0 to 5.714	5.714 +	0 to 5.714	5.714 +	0 to 4.327	4.327 +
School #2 (per student)	(tcf)	0 to 6.857	6.857 +	0 to 5.864	5.864 +	0 to 5.864	5.864 +	0 to 5.864	5.864 +	0 to 4.440	4.440 +
School #3 (per student)	(tcf)	0 to 6.264	6.264 +	0 to 5.357	5.357 +	0 to 5.357	5.357 +	0 to 5.357	5.357 +	0 to 4.056	4.056 +
Church #1 (per meter)	(tcf)	0 to 306	306 +	0 to 262	262 +	0 to 262	262 +	0 to 262	262 +	0 to 198	198 +
Church #2 (per meter)	(tcf)	0 to 58	58 +	0 to 49	49 +	0 to 49	49 +	0 to 49	49 +	0 to 37	37 +
Fire Department	(tcf)	0 to 57	57 +	0 to 49	49 +	0 to 49	49 +	0 to 49	49 +	0 to 37	37 +
Proposed Temporary Account Rates	(\$/tcf)	\$1.36		\$1.46		\$1.60		\$1.76		\$1.78	

tcf = 10 cubic feet or 74.8 gallons

1 - Source: City of Seaside

Based on revised capital plan and debt issuance recommendations = lower than prop 218 noticed rates

Table ES-3
Water Volume Conversion Factors

1 ccf = 10 tcf = 100 cubic feet = 748 gallons = 7.5 cgl

1 tcf = 10 cubic feet = 74.8 gallons = 0.75 cgl

1 cgl = 100 gallons = 1.34 tcf

Table 1: Current Rates as of January 1, 2015

Seaside Municipal Water System
Water Rate Study

2015 Monthly Meter Charges			
Meter Size	Base Charges	Watermaster Fixed Expenses	Total
5/8"	\$15.32	\$10.00	\$25.32
1"	\$15.32	\$10.00	\$25.32
1.5"	\$72.20	\$10.00	\$82.20
2"	\$119.20	\$10.00	\$129.20
3"	\$215.21	\$10.00	\$225.21

Monthly Consumption Charges (\$/ccf)					
Residential			Parks (on a per acre basis)		
Consumption (ccf)	\$/tcf	\$/ccf	Consumption (ccf)	\$/tcf	\$/ccf
0 - 4	\$0.39	\$3.87	0 - 4	\$0.57	\$5.69
4 - 10	\$0.84	\$8.37	4 - 10	\$0.84	\$8.37
10 - 20	\$1.36	\$13.56	10 - 20	\$1.36	\$13.56
20 - 30	\$1.94	\$19.35	20 - 30	\$1.94	\$19.35
30 - 40	\$2.65	\$26.53	30 - 40	\$2.65	\$26.53
40 +	\$3.46	\$34.62	40 +	\$3.46	\$34.62
Multifamily (per dwelling)			Schools (on a per student basis)		
Consumption (ccf)	\$/tcf	\$/ccf	Consumption (ccf)	\$/tcf	\$/ccf
0 - 4	\$0.39	\$3.87	1	\$0.57	\$5.69
4 - 10	\$0.84	\$8.37	1 - 3	\$0.84	\$8.37
10 - 20	\$1.36	\$13.56	3 - 4	\$1.36	\$13.56
20 - 30	\$1.94	\$19.35	4 - 5	\$1.94	\$19.35
30 - 40	\$2.65	\$26.53	5 - 6	\$2.65	\$26.53
40 +	\$3.46	\$34.62	6 +	\$3.46	\$34.62
Church #1			Church #2		
Consumption (ccf)	\$/tcf	\$/ccf	Consumption (ccf)	\$/tcf	\$/ccf
0 - 60	\$0.57	\$5.69	0 - 14	\$0.57	\$5.69
60 - 70	\$0.84	\$8.37	14 - 24	\$0.84	\$8.37
70 - 80	\$1.36	\$13.56	24 - 34	\$1.36	\$13.56
80 - 90	\$1.94	\$19.35	34 - 44	\$1.94	\$19.35
90 - 100	\$2.65	\$26.53	44 - 54	\$2.65	\$26.53
100 +	\$3.46	\$34.62	54 +	\$3.46	\$34.62

ccf = 100 cubic feet or 748 gallons

tcf = 74.8 gallons

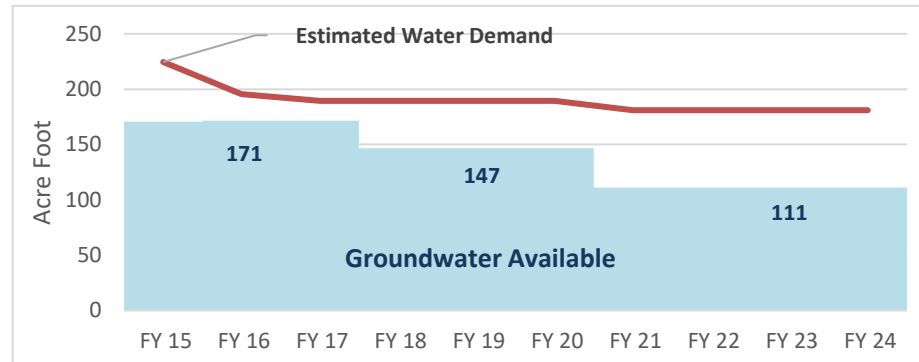
Table 2: Watermaster Natural Safe Yield Analysis

Seaside Municipal Water System
Water Rate Study

	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020	Projected FYE 2021	Projected FYE 2022	Projected FYE 2023	Projected FYE 2024
Estimated Usage (Acre Feet)							
Natural Safe Yield (NSY)	147	147	147	111	111	111	111
Exceeding Natural Safe Yield	0	0	0	0	0	0	0
Over Draft	<u>43</u>	<u>43</u>	<u>43</u>	<u>70</u>	<u>70</u>	<u>70</u>	<u>70</u>
Estimated Water Demand	190	190	190	181	181	181	181

Estimated Costs

Natural Safe Yield (NSY) - Acre Feet	147	147	147	111	111	111	111
Unit cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exceeding NSY - Acre Feet	43	43	43	70	70	70	70
Unit Cost [1]	\$2,872	\$2,958	\$3,047	\$3,138	\$3,232	\$3,329	\$3,429
Total Replenishment Assessment	\$123,496	\$127,201	\$131,017	\$219,682	\$226,272	\$233,060	\$240,052



All water production units in Acre-Feet
NSY = Natural Safe Yield

1 - FY 2018 actual provided by Watermaster, 3% estimated cost escalation thereafter

Table 3: Water Budgets

Seaside Municipal Water System
Water Rate Study

Tier 1 Water Budget Allocations:

		FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
		Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1
Annual Tier Allocation (AF)		171	147	147	147	111	111	111	111
Per Month Allocation (tcf)		62,226	53,216	53,216	53,216	40,296	40,296	40,296	40,296
			(tcf/mo)	(tcf/mo)	(tcf/mo)	(tcf/mo)	(tcf/mo)	(tcf/mo)	(tcf/mo)
<u>Residential</u>	Monthly Units Water Budget								
Single-Family Residential	752 Per Dwelling	57	49	49	49	37	37	37	37
Multi-Family #1	1 Per Meter	9,547	8,165	8,165	8,165	6,182	6,182	6,182	6,182
Multi-Family #2	1 Per Meter	2,417	2,067	2,067	2,067	1,565	1,565	1,565	1,565
<u>Schools</u>									
School #1	571 Per Student	6.682	5.714	5.714	5.714	4.327	4.327	4.327	4.327
School #2	208 Per Student	6.857	5.864	5.864	5.864	4.440	4.440	4.440	4.440
School #3	225 Per Student	6.264	5.357	5.357	5.357	4.056	4.056	4.056	4.056
<u>Churches</u>									
Church - #1	1 Per Meter	306	262	262	262	198	198	198	198
Church #2	1 Per Meter	58	49	49	49	37	37	37	37
<u>Other</u>									
Fire Department	1 Per Station	57	49	49	49	37	37	37	37

tcf = ten cubic feet = 74.8 gallons

Table 4: Consumption - FYE 2015

Seaside Municipal Water System
Water Rate Study

Meter Size	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Total by Meter	
							Size	
3/4" or below	29,894	15,731	2,788	143	32	37	48,625	
1"	981	730	170	3	0	0	1,884	
1.5"	48	72	101	11	0	0	232	
2"	520	27	20	20	14	8	609	
3"	19,764	6,310	6	0	0	0	26,080	
Total (ccf)	51,207	22,870	3,085	177	46	45	77,430	
<i>Total (tcf)</i>	<i>512,070</i>	<i>228,700</i>	<i>30,850</i>	<i>1,770</i>	<i>460</i>	<i>450</i>	<i>774,300</i>	

Class	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Total By Class	Variable Revenue
Residential	30,689	16,404	2,958	146	32	37	50,266	\$301,133
Apartment	12,362	3,830	0	0	0	0	16,192	\$79,898
Church	688	84	20	20	14	8	834	\$7,104
Fire Department	48	72	101	11	0	0	232	\$2,458
School	7,402	2,480	6	0	0	0	9,888	\$62,956
Parks	18	0	0	0	0	0	18	\$102
Total (ccf)	51,207	22,870	3,085	177	46	45	77,430	\$453,653
<i>Total (tcf)</i>	<i>512,070</i>	<i>228,700</i>	<i>30,850</i>	<i>1,770</i>	<i>460</i>	<i>450</i>	<i>774,300</i>	

Source: City of Seaside Consumption Data FY2014/2015

Table 5: Meters by Class and Size - FY 2019

Seaside Municipal Water System
Water Rate Study

	Residential	Fire Department	School	Apartment	Parks	Church	Total
3/4" or less	729	0	0	0	7	1	737
1"	23	0	0	0	3	0	26
1.5"	0	1	0	0	0	0	1
2"	0	0	0	0	0	1	1
3"	0	0	0	1	0	0	1
4"	0	0	0	0	0	0	0
6"	<u>0</u>	<u>0</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>6</u>
	752	1	3	2	12	2	772

Source: City of Seaside, by email March 2019

Table 6: Estimated RevenueSeaside Municipal Water System
Water Rate Study

Class / Meter Size	No. of Meters	Fixed Monthly Rate [1]	Fixed	Variable	Total
Residential					
3/4" or less	729	\$25.32	\$221,499	\$291,923	\$513,423
1"	23	\$25.32	\$6,988	\$9,210	\$16,199
Fire Department					
1.5"	1	\$82.20	\$986	\$2,371	\$3,357
School					
6" [2]	3	\$225.21	\$8,108	\$62,956	\$71,064
Church					
3/4" or less	1	\$25.32	\$304	\$1,433	\$1,737
2"	1	\$129.20	\$1,550	\$5,671	\$7,222
Apartment					
3"	1	\$225.21	\$2,703	\$39,949	\$42,652
6" [2]	1	\$225.21	\$2,703	\$39,949	\$42,652
	760				
Total estimated FY2019 Service Revenue [3]			\$244,841	\$453,463	\$698,304
			35%	65%	

[1] Fixed Monthly Rate includes Watermaster Fixed Expenses charge (from Table 3)

[2] No current rate for 6" meter

[2] Does not include MPWMD surcharge or utility tax revenue

Table 7: Budgeted and Projected O&M Expenses

Seaside Municipal Water System
Water Rate Study

	% Fixed	% Variable	Current		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
			FY 2019	Escalation %					
Salaries	50%	50%	\$75,853	3%	\$78,129	\$80,472	\$82,887	\$85,373	\$87,934
Overtime	50%	50%	\$200	3%	\$206	\$212	\$219	\$225	\$232
Workers Compensation	40%	60%	\$306	3%	\$315	\$325	\$334	\$344	\$355
Managment Leave Payoff	40%	60%	\$200	3%	\$206	\$212	\$219	\$225	\$232
Vacation/Comp Time Payoff	40%	60%	\$1,000	3%	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159
Deferred Compensation	40%	60%	\$240	3%	\$247	\$255	\$262	\$270	\$278
Pers Pension Ob Bond	40%	60%	\$399	3%	\$411	\$423	\$436	\$449	\$463
Pers Pension	40%	60%	\$19,177	3%	\$19,752	\$20,345	\$20,955	\$21,584	\$22,231
Pars Pension	40%	60%	\$993	3%	\$1,023	\$1,053	\$1,085	\$1,118	\$1,151
Medical Insurance	40%	60%	\$16,233	3%	\$16,720	\$17,222	\$17,738	\$18,270	\$18,818
Dental Insurance-Guardian	40%	60%	\$1,232	3%	\$1,269	\$1,307	\$1,346	\$1,387	\$1,428
Vision Insurance	40%	60%	\$125	3%	\$129	\$133	\$137	\$141	\$145
LTD	40%	60%	\$329	3%	\$339	\$349	\$360	\$370	\$381
Life Insurance	40%	60%	\$393	3%	\$405	\$417	\$429	\$442	\$456
Medicare Tax	40%	60%	\$1,100	3%	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275
Legal Costs	40%	60%	\$20,000	3%	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185
Training & Education	40%	60%	\$1,500	3%	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739
Fitness Program	40%	60%	\$54	3%	\$56	\$57	\$59	\$61	\$63
State And Agency Fees	40%	60%	\$5,000	3%	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796
Outside Printing Service	40%	60%	\$7,000	3%	\$7,210	\$7,426	\$7,649	\$7,879	\$8,115
Lockbox Service	40%	60%	\$10,000	3%	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593
Contract Services	40%	60%	\$8,000	3%	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274
Stationary Supplies	40%	60%	\$2,000	3%	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Department Consumables	40%	60%	\$1,000	3%	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159
Safety Equipment	10%	90%	\$2,000	3%	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Meetings & Travel	40%	60%	\$1,000	3%	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159
Dues & Membership	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Books & Periodicals	40%	60%	\$200	3%	\$206	\$212	\$219	\$225	\$232
Postage	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Water Rebates	0%	100%	\$5,000	3%	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796
Vehicle Maintenance	40%	60%	\$9,500	3%	\$9,785	\$10,079	\$10,381	\$10,692	\$11,013
Liability Insurance	40%	60%	\$6,000	3%	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956
Computer System	40%	60%	\$19,400	3%	\$19,982	\$20,581	\$21,199	\$21,835	\$22,490
Central Service Charges	30%	70%	\$180,455	3%	\$185,869	\$191,445	\$197,188	\$203,104	\$209,197
Bad Debt - Write Off	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Salaries	50%	50%	\$140,045	3%	\$144,246	\$148,574	\$153,031	\$157,622	\$162,351
Overtime	50%	50%	\$13,000	3%	\$13,390	\$13,792	\$14,205	\$14,632	\$15,071
Workers Compensation	40%	60%	\$10,096	3%	\$10,399	\$10,711	\$11,032	\$11,363	\$11,704
Managment Leave Payoff	40%	60%	\$500	3%	\$515	\$530	\$546	\$563	\$580
Vacation/Comp Time Payoff	40%	60%	\$2,000	3%	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Deferred Compensation	40%	60%	\$1,200	3%	\$1,236	\$1,273	\$1,311	\$1,351	\$1,391
Pers Pension Ob Bond	40%	60%	\$1,309	3%	\$1,348	\$1,389	\$1,430	\$1,473	\$1,517
Pers Pension	40%	60%	\$35,437	3%	\$36,500	\$37,595	\$38,723	\$39,885	\$41,081
Pars Pension	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Liuna Pension	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Medical Insurance	40%	60%	\$29,845	3%	\$30,740	\$31,663	\$32,612	\$33,591	\$34,599
Dental Insurance	40%	60%	\$2,112	3%	\$2,175	\$2,241	\$2,308	\$2,377	\$2,448
Vision Insurance	40%	60%	\$218	3%	\$225	\$231	\$238	\$245	\$253
LTD	40%	60%	\$284	3%	\$293	\$301	\$310	\$320	\$329
Life Insurance	40%	60%	\$210	3%	\$216	\$223	\$229	\$236	\$243
Medicare Tax	40%	60%	\$2,031	3%	\$2,092	\$2,155	\$2,219	\$2,286	\$2,354
Consultant	40%	60%	\$3,000	3%	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478
Fitness Program	40%	60%	\$0	3%	\$0	\$0	\$0	\$0	\$0
Uniform Service/Laundry	40%	60%	\$2,000	3%	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Water Sampling	10%	90%	\$10,000	3%	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593
Subcontracted Work	50%	50%	\$20,000	3%	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185
Department Consumables	40%	60%	\$15,000	3%	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389
Tools	10%	90%	\$1,000	3%	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159
Gas & Electric	10%	90%	\$60,000	3%	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556
Department Equipment	10%	90%	\$114,000	3%	\$117,420	\$120,943	\$124,571	\$128,308	\$132,157
Payment On Principal	40%	60%	\$4,944	3%	\$5,092	\$5,245	\$5,402	\$5,565	\$5,731
Interest Expense	40%	60%	\$480	3%	\$494	\$509	\$525	\$540	\$556
Watermaster Fixed Expenses [1]	100%	0%	\$18,572	3%	\$19,130	\$19,704	\$20,295	\$20,903	\$21,531
Total All Expenses			\$883,172		\$909,668	\$936,958	\$965,066	\$994,018	\$1,023,839
Total Fixed Costs [2]	35%		\$313,177		\$322,572	\$332,249	\$342,217	\$352,483	\$363,058
Total Variable Costs [2]	65%		\$569,996		\$587,096	\$604,708	\$622,850	\$641,535	\$660,781

1 - Source: supplementary documents provided by City of Seaside

Table 8: Capital Improvement Projects - October 2019 Reduced Funding Scenario

Seaside Municipal Water System

Water Rate Study

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Out Years [1]	Project Total
Water Security Upgrades	\$0	\$90,000	\$300,000	\$0	\$0	\$0	\$0	\$390,000
Well Replacement	\$0	\$350,000	\$1,000,000	\$600,000	\$0	\$0	\$0	\$1,950,000
Master Plan / Rate Study	\$0	\$0	\$0	\$170,000	\$150,000	\$50,000	\$20,000	\$390,000
Tank Improvements Project	\$0	\$440,000	\$0	\$20,000	\$0	\$740,000	\$0	\$1,200,000
Alternative Water Source	\$0	\$0	\$0	\$80,000	\$10,000	\$30,000	\$890,000	\$1,010,000
Arc Flash Hazard Mitigation	\$0	\$30,000	\$90,000					\$120,000
<u>Capital Improvements</u>	<u>\$130,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$430,000</u>
Total CIP Improvements	\$130,000	\$910,000	\$1,390,000	\$920,000	\$260,000	\$870,000	\$1,010,000	\$5,490,000

Source: Water CIP 2019, revised by Rick Reidl via email 9/20/2019

[1] Assumed to be spread out over three years, FY 2025 - FY 2027

Table 9: Long Term Debt

Seaside Municipal Water System
Water Rate Study

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Current Debt						
Internal Pension Liability [1]	17,500	17,500	17,500	17,500	17,500	17,500
Total Current Debt	17,500	17,500	17,500	17,500	17,500	17,500

Proposed Debt for Capital Funding FY 2020 and FY 2023

	#1 FY 2020	#2 FY 2023
	20-yr Bond	20-yr Bond
Total Debt Issue Size	\$3,400,000	\$1,300,000
Proceeds For Construction	\$3,200,500	\$1,121,500
Financial Advisor	\$50,000	\$50,000
Bond Counsel	50,000	50,000
Placement Agent Fee	0	0
Disclosure Counsel	25,000	25,000
Printing	2,000	2,000
Escrow Agent		
Trustee	3,500	3,500
Ratings	25,000	25,000
Misc/computer/legal review	10,000	10,000
Total Costs of Issuance	165,500	165,500
Underwriter's Discount (%)	1.00%	1.00%
Underwriter's Discount/Bank Fee (\$)	34,000	13,000
Total All Costs	199,500	178,500
Principal Maturities	20	20
Assumed Avg Interest Rate (Revised Oct 2019)	3.5%	3.5%
Average Interest Payment	119,000	45,500
Average Annual Principal Payment	120,228	45,969
Total Average Annual Payment	\$239,225	\$91,469
Total of All Payments	4,784,493	1,829,388
Present Value of Payments ¹	3,400,000	1,300,000
[1] Discounted at assumed borrowing rate.		
Total Costs as % of Issue	5.9%	13.7%
Total Payments	4,784,493	1,829,328
Debt Service Factor (\$/\$1M proceeds)	\$74,746	\$81,560

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total Debt Service						
Current Debt Service [1]	17,500	17,500	17,500	17,500	17,500	17,500
Proposed Debt Payments [2]	0	0	119,000	239,225	239,225	284,725
Total Long Term Debt	17,500	17,500	136,500	256,725	256,725	302,225

[1] Net Pension Liability, \$263,774, 15 year payoff

[2] Two 20 Year Bonds - Placeholder Assumption

Receive proceeds for construction in FY2020 and FY 2023, debt service begins following year. Interest only payment in first year

Table 10: Operating Cash Flow - Revised October 2019Seaside Municipal Water System
Water Rate Study

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Overall Rate Increase		24% + 15%	15%	15%	0%	0%
Effective Date		10/29/2019 1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
Beginning Balance [2]		\$700,424	\$2,963,424	\$1,627,924	\$779,199	\$1,771,975
Operating Revenues		add'l revenue				
Base Charge	\$244,841	\$132,000 + \$175,000	\$387,000	\$445,000	\$476,000	\$476,000
Variable Charge	\$453,463	\$245,000 + \$323,000	\$716,000	\$823,000	\$881,000	\$881,000
All other operating revenue [3]	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Operating Revenue	\$723,304	\$402,000 \$498,000	\$1,128,000	\$1,293,000	\$1,382,000	\$1,382,000
		\$900,000				
Non-operating Revenue						
Proposed Debt - Proceeds for Construction	\$0	\$3,200,500	\$0	\$0	\$1,121,500	\$0
Total Non-operating Revenue	\$0	\$3,200,500	\$0	\$0	\$1,121,500	\$0
Total Operating Expenses	\$883,000	\$910,000	\$937,000	\$965,000	\$994,000	\$1,024,000
Long Term Debt & Pensions						
Internal Pension Liability	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500
Proposed Loan	<u>\$0</u>	<u>\$0</u>	<u>\$119,000</u>	<u>\$239,225</u>	<u>\$239,225</u>	<u>\$284,725</u>
Total Long Term Debt	\$17,500	\$17,500	\$136,500	\$256,725	\$256,725	\$302,225
Capital Projects	\$130,000	\$910,000	\$1,390,000	\$920,000	\$260,000	\$870,000
Ending Balance		\$2,963,424	\$1,627,924	\$779,199	\$1,771,975	\$957,750
Minimum Fund Balance Target [4]		\$317,800	\$445,710	\$575,175	\$584,745	\$640,145
Reserve Target Met?		yes	yes	yes	yes	yes
Debt Service Coverage - Proposed Debt (Target 1.25x)			1.61	1.37	1.62	1.26

- [1] Current Variable Rate Varies due to tiered rate structure
[2] Estimated fund balance as of June 30, 2019 from City of Seaside
[3] Includes interest income, late fees, and penalties
[4] 33% of operating expenses plus debt service

Table 11: Meter Equivalents

Seaside Municipal Water System
Water Rate Study

Meter Size	# Meters	Max Flow Rate (GPM)	Flow Ratio	3/4" or less Meter Equivalents
3/4" or less	737	30	1	737
1" or less	26	50	1.7	43
1.5"	1	100	3.3	3
2"	1	160	5.3	5
3"	1	300	10.0	10
4"	0	500	16.7	0
6"	6	1000	33.3	200
Total				999

[1] American Water Works Association Standards, Manual M22, 2nd edition, 2004, page 62.

[2] Flow Ratio equal to 1" or less equivalent

Table 12: Fixed Meter Rate CalculationSeaside Municipal Water System
Water Rate Study

Fixed Revenue Current Rates*	\$252,186
Meter Equivalent Units	999
Current \$/Meter Equivalent Unit	\$21.04

Fixed Rate Revenue

Effective Date	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Rate Revenue Increase - Table 10a	24%	15%	15%	15%	0%
Fixed Revenue Requirement [1]	\$312,711	\$359,617	\$413,560	\$475,594	\$475,594
Meter Equivalent Units (3/4" or less) [2]	999	999	999	999	999

Fixed Rate Calculation

Annually	\$313.02	\$359.98	\$413.97	\$476.07	\$476.07
Monthly	\$26.09	\$30.00	\$34.50	\$39.67	\$39.67

* Includes 3% delinquency factor

[1] Full year of fixed rate revenue with proposed increase

[2] From table 11

Table 13: Proposed Volumetric Rate Structure Calculation

Seaside Municipal Water System
Water Rate Study

Volumetric Revenue Current Rates*	\$467,067
Water Consumption (tcf)	827,696
Current \$/tcf consumption	\$0.56

Volumetric Rate Revenue

Effective Date	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Rate Revenue Increase - Table 10a	24%	15%	15%	15%	0%
Variable Revenue Requirement [1]	\$579,163	\$666,037	\$765,943	\$880,834	\$880,834

Tier 1 Rate Calculation

Tier 1 Variable Rate (\$/tcf)	\$0.70	\$0.80	\$0.93	\$1.06	\$1.06
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Tier 2 Rate Calculation

Exceeding NSY Assessment (\$/AF) - Actual	\$3,047	\$3,138	\$3,232	\$3,329	\$3,429
Exceeding NSY Assessment (\$/AF) - Adjusted [2]	\$2,872	\$2,872	\$2,958	\$3,047	\$3,138
Exceeding NSY Assessment (\$/AF) - Actual	\$0.70	\$0.72	\$0.74	\$0.76	\$0.79
Exceeding NSY Assessment (\$/tcf)	\$0.66	\$0.66	\$0.68	\$0.70	\$0.72
Tier 1 Variable Rate (\$/tcf)	\$0.70	\$0.80	\$0.93	\$1.06	\$1.06
Total Tier 2 Variable Rate (\$/tcf) - Actual	\$1.40	\$1.53	\$1.67	\$1.83	\$1.85
Total Tier 2 Variable Rate (\$/tcf) - Adjusted [2]	\$1.36	\$1.46	\$1.60	\$1.76	\$1.78

Total Annual Allocation (tcf)	827,696	827,696	827,696	827,696	827,696
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* Includes 3% revenue buffer

AF = Acre feet

tcf = 10 cubic feet or 74.8 gallons

[1] Full year of variable rate revenue with proposed increase

[2] Schedule of assessment costs delayed for a more gradual ramp up of rates

Table 14: Sample Monthly Bills (Based on Revised October 2019 Rates)

Seaside Municipal Water System
Water Rate Study

	Water Use tcf		Current	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Single Family - 3/4" Meter [1]	50.3	3/4" or less meter						
Tier 1 Consumption				50	49	49	49	37
Tier 2 Consumption				0.0	1.2	1.2	1.2	13.1
Estimated Bill			\$53.36	\$61.28	\$71.25	\$81.85	\$94.03	\$102.64
% Bill Increase				15%	16%	15%	15%	9%
Example School	4,000	571 students, 3" meter						
Tier 1 Consumption				3,263	3,263	2,471	2,471	2,471
Tier 2 Consumption				737	737	1,529	1,529	1,529
Estimated Bill			\$2,919.71	\$3,545.84	\$4,004.80	\$5,085.10	\$5,723.24	\$5,755.33
% Bill Increase				21%	13%	27%	13%	1%
Example Apartments	2,200	80 dwelling units, 3" meter						
Tier 1 Consumption				2,067	2,067	1,565	1,565	1,565
Tier 2 Consumption				133	133	635	635	635
Estimated Bill			\$1,386.21	\$1,888.20	\$2,158.24	\$2,812.13	\$3,182.19	\$3,195.52
% Bill Increase				36%	14%	30%	13%	0%
Example Church	400	2" meter						
Tier 1 Consumption				262	262	198	198	198
Tier 2 Consumption				138	138	202	202	202
Estimated Bill			\$413.70	\$510.03	\$572.89	\$691.08	\$778.31	\$782.54
% Bill Increase				23%	12%	21%	13%	1%

[1] Single Family Consumption based on Cal Am average single family usage 37.7 cgl converted to 50.3 tcf



City of Seaside/Seaside Municipal Water System
440 Harcourt Avenue
Seaside, California 93955

**Proposition 218 Notification
NOTICE TO PROPERTY OWNERS OF PROPOSED WATER
RATE INCREASES AND PUBLIC HEARING PROCEEDINGS**

NOTICE IS HEREBY GIVEN, pursuant to Article XIII(D) of the California Constitution that the City of Seaside (City) / Seaside Municipal Water System (SMWS) is proposing to increase its rates for water services. The City Council will conduct a public hearing on this matter, which will be held on:

Date: September 5, 2019

Time: 7:00 P.M.

**Place: Seaside City Hall
440 Harcourt Ave. Seaside, California 93955**

The public hearing will review the proposed changes to fees for water service, and other related fees and charges. At the time of the public hearing, the Council will hear and consider all protests and objections concerning these matters. This notice has been sent to all utility customers as of the last address available. If there is no majority protest, the Council will consider and may adopt the increased rates by resolution. The proposed rate changes will become effective no sooner than 30 days after adoption of the approved rate change.

This Notice of Public Hearing provides information on the proposed water rate changes as required by State law. The ordinance for the proposed rate change is anticipated to be presented to the City Council for adoption in September or as soon as practical thereafter. This notice also provides information on how the rates are calculated, the reasons for the required rate changes, how customers can receive more information on the effect of the rate changes, and how to file a protest the proposed rate change.

For more information and questions please contact Misty Bradshaw at (831) 899-6825 or visit City Hall at 440 Harcourt Ave. Seaside, California 93955

Why Am I Receiving This Notice?

You are receiving this notice in accordance with Proposition 218, a state law which requires providers of public utility services (including water service) to notify rate payers of increases in proposed rates. Your property receives water service from the City of Seaside/SMWS.

This notice is intended to provide you with information on the service provided by the City, the reasons for the proposed rates, and the methods by which you can protest the proposed rates if you desire.

What Services Do Rates Fund?

The Seaside Municipal Water System provides continuous, year-round, potable water service to approximately 780 accounts in the City of Seaside.

Why is a Rate Increase Needed?

Rate increases are needed to keep City revenues in line with the cost of providing service. The water system faces expenses such as labor, water supply, energy, capital projects, and the cost of regular maintenance of the system.

The City currently receives water from the Seaside Groundwater Basin. The amount of groundwater available is limited and the City's water use is currently above the Natural Safe Yield (NSY) requirement determined by the Watermaster. The City will soon face a replenishment cost for the water use that exceeds the NSY.

Proposed Water Rates

The City's proposed water rates are composed of two parts, a fixed rate determined by water meter size and a variable rate determined by water use. Fixed rates are increased according to capacity ratios determined by the American Water Works Association. The proposed fixed rates are shown below.

Fixed Rates

Water – Fixed Rates \$/meter	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Current	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Meter Size						
3/4" or less	\$25.32	\$26.30	\$31.55	\$37.87	\$43.55	\$43.55
1 Inch Meter	\$25.32	\$43.83	\$52.59	\$63.11	\$72.58	\$72.58
1.5 Inch Meter	\$82.20	\$87.65	\$105.18	\$126.22	\$145.15	\$145.15
2 Inch Meter	\$129.20	\$140.24	\$168.29	\$201.95	\$232.24	\$232.24
3 Inch Meter	\$225.21	\$262.96	\$315.55	\$378.66	\$435.46	\$435.46
4 Inch Meter		\$438.26	\$525.91	\$631.10	\$725.76	\$725.76
6 Inch Meter		\$876.52	\$1,051.83	\$1,262.19	\$1,451.52	\$1,451.52

Variable rates are levied according to two tiers. The first tier collects variable expenses from each customer class according to their NSY allowance as allocated by the Seaside Basin Watermaster. The second tier of water rates recovers the cost of exceeding the NSY assessment. The proposed variable rates are shown below.

Volumetric Rates

Water – Variable Rates \$/tcf	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Current	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Tier 1 Water Use (\$/tcf)	Varies	\$0.71	\$0.85	\$1.02	\$1.17	\$1.17
Tier 2 Water Use (\$/tcf)	Varies	\$1.36	\$1.51	\$1.69	\$1.87	\$1.89

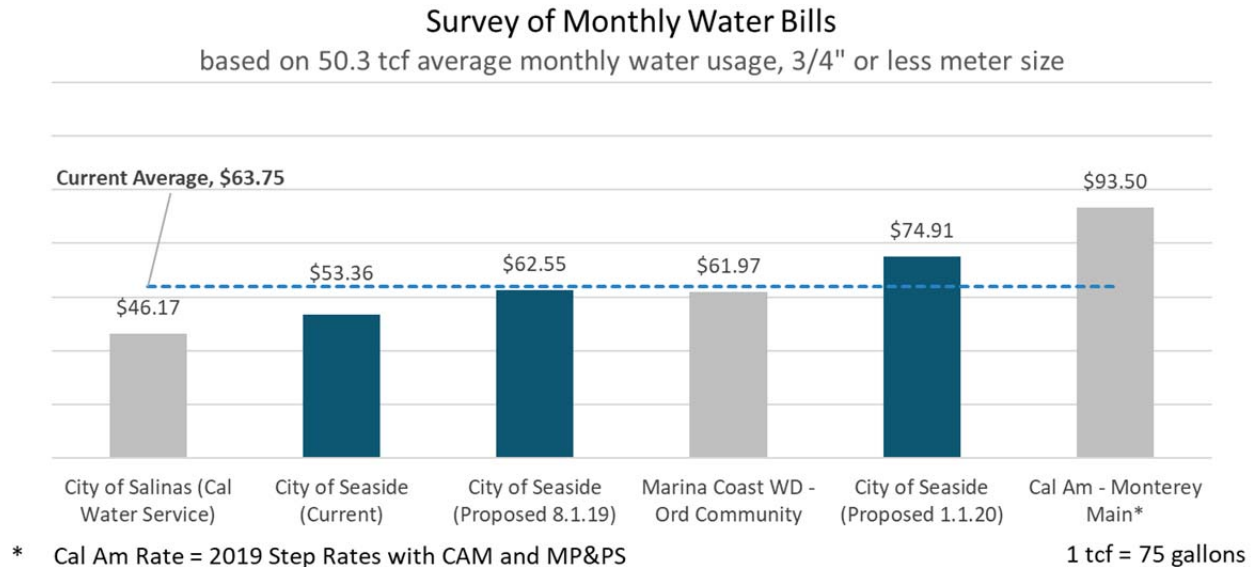
Each customer class is allocated Tier 1 water use according to an equitable distribution of the NSY of groundwater for the City of Seaside/SMWS. Water allocations for Tier 1 are shown below. All use above the Tier 1 allocation will be billed at the Tier 2 water rate.

Tier Allowances

Water – Tier 1 Water Allocation (tcf)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Current	10/29/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Single Family Residential (Per dwelling)	Varies	57	49	49	49	37
Multifamily No. 1 (Per meter)	Varies	9,547	8,165	8,165	8,165	6,182
Multifamily No. 2 (Per meter)	Varies	2,417	2,067	2,067	2,067	1,565
School No. 1 (Per student)	Varies	6,682	5,714	5,714	5,714	4,327
School No. 2 (Per student)	Varies	6,857	5,864	5,864	5,864	4,440
School No. 3 (Per student)	Varies	6,264	5,357	5,357	5,357	4,056
Church No. 1 (Per meter)	Varies	306	262	262	262	198
Church No. 2 (Per meter)	Varies	58	49	49	49	37
Fire Department	Varies	57	49	49	49	37

Residential Bill Impact

A survey of residential water bills in surrounding agencies is provided below. The City of Seaside is currently below the average monthly water bill for the area.



Public Notice and Majority Protest Process

The City of Seaside City Council will hold a public hearing as a part of the City Council meeting to be held on September 5, 2019 at 7:00 pm at City Hall, 440 Harcourt Avenue Seaside, California 93955.

Proposition 218 requires that public utility providers follow a strictly defined process for increasing fees such as water service rates. Customers directly responsible for the payment of the rates and/or property owners, if different, may submit a written protest against the rate changes. If the City receives written protests from a majority of the affected customers and/or property owners of the identified parcels, then the proposed rate changes cannot be adopted by the City Council. It is important to follow these instructions in order for your protest to be valid:

1. The protest must be in writing and received by the City Clerk at or before the close of the public hearing on September 5, 2019. The protest must specifically identify what is being protested. Written protests may be mailed or personally delivered to the City Clerk at City Hall – 440 Harcourt Avenue Seaside, California 93955
2. All written protests must include the service address
3. The protest must be signed by the person who is listed on the utility account and is responsible for paying the utility bill and/or the property owner. The name of the signer should also be printed legibly. Only one protest will be counted for each property.

For more information and questions please contact Misty Bradshaw at (831) 899-6825 or visit City Hall at 440 Harcourt Ave. Seaside, California 93955