

City of Avalon
Saltwater Cost of Service Study
Revenue Requirement Summary
Exhibit 1

	<i>Budget</i>	<i>Projected</i>				
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenue						
Rate Revenues	\$718,504	\$718,504	\$718,504	\$718,504	\$718,504	\$718,504
Non-Operating Revenues	90,521	91,028	91,234	91,381	91,468	91,540
Total Revenues	\$809,024	\$809,532	\$809,738	\$809,885	\$809,971	\$810,043
Expenses						
Total Operations & Maintenance	\$570,284	\$637,264	\$652,790	\$668,755	\$685,173	\$702,059
Taxes / Transfers	0	0	0	0	0	0
Net Debt Service	18,023	18,023	18,023	18,023	18,023	0
Rate Funded Capital	65,000	125,000	140,000	155,000	170,000	185,000
Reserve Funding	155,717	47,207	35,299	23,353	11,365	17,401
Total Revenue Requirement	\$809,024	\$827,494	\$846,112	\$865,131	\$884,561	\$904,461
Balance/(Deficiency) of Funds	\$0	(\$17,963)	(\$36,374)	(\$55,246)	(\$74,590)	(\$94,417)
Bal/(Def.) as a % of Rate Rev.	0.0%	2.5%	5.1%	7.7%	10.4%	13.1%
Proposed Rate Adjustment	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Add'l Revenue from Adj.	\$0	\$17,963	\$36,374	\$55,246	\$74,590	\$94,417
Total Bal/(Def.) of Funds	\$0	\$0	(\$0)	\$0	\$0	(\$0)
Additional Rate Increase Needed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DSC Ratio						
Before Rate Adjustment	13.25	9.56	8.71	7.83	6.92	N/A
After Rate Adjustment	13.25	10.55	10.73	10.90	11.06	N/A
Avg Res Annual Bill	\$265.60	\$272.24	\$279.05	\$286.02	\$293.17	\$300.50
Avg Res Monthly Bill	\$22.13	\$22.69	\$23.25	\$23.84	\$24.43	\$25.04
Total Reserve Funds	\$182,005	\$229,212	\$264,511	\$287,864	\$299,229	\$316,630

City of Avalon
Saltwater Cost of Service Study
Exhibit 2
Escalation Factors

	<i>Budget</i>	<i>Projected</i>				
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenues						
Customer Growth	Calculated	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses						
Labor	Budget	30.0%	3.0%	3.0%	3.0%	3.0%
Benefits - Medical	Budget	5.0%	5.0%	5.0%	5.0%	5.0%
Benefits - Other	Budget	3.5%	3.5%	3.5%	3.5%	3.5%
Materials & Supplies	Budget	2.5%	2.5%	2.5%	2.5%	2.5%
Equipment	Budget	3.5%	3.5%	3.5%	3.5%	3.5%
Miscellaneous	Budget	1.5%	1.5%	1.5%	1.5%	1.5%
Utilities	Budget	3.0%	3.0%	3.0%	3.0%	3.0%
Insurance	Budget	3.0%	3.0%	3.0%	3.0%	3.0%
Flat	Budget	0.0%	0.0%	0.0%	0.0%	0.0%
Interest		0.5%	0.5%	0.5%	0.5%	0.5%
New Debt Service						
Low Interest Loans						
Term in Years	20	20	20	20	20	20
Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Revenue Bond						
Term in Years	20	20	20	20	20	20
Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

City of Avalon
Saltwater Cost of Service Study
Exhibit 3
Revenue Requirement

	<i>Budget</i>	<i>Projected</i>					<i>Notes</i>
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Revenues							
Rate Revenues							
<i>Total Rate Revenues</i>	\$718,504	\$718,504	\$718,504	\$718,504	\$718,504	\$718,504	As Customer Growth
Non-Operating Revenues							
Interest	\$521	\$1,028	\$1,234	\$1,381	\$1,468	\$1,540	Calc'd on Oper. Balance
Harbor Enterprise Fund	90,000	90,000	90,000	90,000	90,000	90,000	As Customer Growth
Miscellaneous Revenue	0	0	0	0	0	0	As Miscellaneous Revenues
<i>Total Non-Operating Revenues</i>	\$90,521	\$91,028	\$91,234	\$91,381	\$91,468	\$91,540	
Total Revenues	\$809,024	\$809,532	\$809,738	\$809,885	\$809,971	\$810,043	
Salt Water Administration							
Salaries & Benefits							
Salaries Regular	\$21,221	\$27,587	\$28,414	\$29,267	\$30,145	\$31,049	As Labor
FICA Retirement	3,062	3,169	3,280	3,395	3,514	3,637	As Benefits - Other
CALPers Unfunded Liability PMT	2,871	2,971	3,075	3,183	3,295	3,410	As Benefits - Other
Health / Life Insurance	1,700	1,785	1,874	1,968	2,066	2,170	As Benefits - Medical
Workers Comp	965	1,013	1,064	1,117	1,173	1,232	As Benefits - Medical
Unemployment Ins	424	437	450	463	477	492	As Insurance
Other Personnel Expenses	0	0	0	0	0	0	As Benefits - Other
<i>Total Salaries & Benefits</i>	\$30,243	\$36,962	\$38,158	\$39,393	\$40,669	\$41,988	
Maintenance & Operations							
Special Dept. Expense	\$500	\$508	\$515	\$523	\$531	\$539	As Miscellaneous
Emergency Maintenance		0	0	0	0	0	As Materials & Supplies
Communications	250	256	263	269	276	283	As Materials & Supplies
<i>Total Maintenance & Operations</i>	\$750	\$764	\$778	\$792	\$807	\$821	

City of Avalon
Saltwater Cost of Service Study
Exhibit 3
Revenue Requirement

	<i>Budget</i>	<i>Projected</i>					<i>Notes</i>
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Contract Services							
Professional Services	\$4,000	\$5,200	\$5,356	\$5,517	\$5,682	\$5,853	As Labor
City Attorney Retainer	0	0	0	0	0	0	As Labor
Environ Strategy Consultants	288,000	292,320	296,705	301,155	305,673	310,258	As Miscellaneous
Environ Contract - OT	0	0	0	0	0	0	As Labor
Environ - Maintanance	0	0	0	0	0	0	As Materials & Supplies
Total Contract Services	\$292,000	\$297,520	\$302,061	\$306,672	\$311,355	\$316,110	
Internal Services							
General Insurance	\$17,026	\$17,537	\$18,063	\$18,605	\$19,163	\$19,738	As Insurance
Admin Overhead	66,364	86,273	88,862	91,527	94,273	97,101	As Labor
Total Internal Services	\$83,390	\$103,810	\$106,925	\$110,132	\$113,436	\$116,839	
Total Salt Water Administration	\$406,383	\$439,056	\$447,921	\$456,989	\$466,267	\$475,760	
Salt Water Admin Public Works							
Salaries & Benefits							
Salaries Regular	\$84,116	\$109,351	\$112,632	\$116,011	\$119,491	\$123,076	As Labor
Overtime Regular	2,100	2,730	2,812	2,896	2,983	3,073	As Labor
FICA Retirement	14,165	14,661	15,174	15,705	16,255	16,824	As Benefits - Other
CALPers Unfunded Liability PMT	8,435	8,730	9,036	9,352	9,679	10,018	As Benefits - Other
Health / Life Insurance	24,844	26,086	27,391	28,760	30,198	31,708	As Benefits - Medical
Workers Comp	3,920	4,116	4,322	4,538	4,765	5,003	As Benefits - Medical
Unemployment Ins	1,723	1,809	1,900	1,995	2,094	2,199	As Benefits - Medical
Clothing Allowance	288	298	309	319	330	342	As Benefits - Other
Total Salaries & Benefits	\$139,591	\$167,782	\$173,574	\$179,576	\$185,796	\$192,242	
Maintenance & Operations							
Special Dept. Expense	\$500	\$508	\$515	\$523	\$531	\$539	As Miscellaneous
Communications	1,700	1,726	1,751	1,778	1,804	1,831	As Miscellaneous
Total Maintenance & Operations	\$2,200	\$2,233	\$2,266	\$2,300	\$2,335	\$2,370	
Internal Services							
Admin Overhead Allocation	\$20,110	\$26,143	\$26,928	\$27,736	\$28,568	\$29,425	As Labor
Total Internal Services	\$20,110	\$26,143	\$26,928	\$27,736	\$28,568	\$29,425	
Total Salt Water Admin Public Works	\$161,902	\$196,158	\$202,768	\$209,612	\$216,699	\$224,037	

City of Avalon
Saltwater Cost of Service Study
Exhibit 3
Revenue Requirement

	<i>Budget</i>	<i>Projected</i>					<i>Notes</i>
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Salt Water Maint & Development							
Salaries & Benefits							
Maint. & Repair of Bldg Grnds	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	As Materials & Supplies
Total Salaries & Benefits	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	
Total Salt Water Maint & Development	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	
Total Operations & Maintenance	\$570,284	\$637,264	\$652,790	\$668,755	\$685,173	\$702,059	
Taxes / Transfers							
	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
Total Taxes / Transfers	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service							
Interfund Loan	\$18,023	\$18,023	\$18,023	\$18,023	\$18,023	\$0	Debt Schedule
New SRF Loans	0	0	0	0	0	0	Calc @ 2.5% for 20 Yrs
New Revenue Bonds	0	0	0	0	0	0	Calc @ 4.5% for 20 Yrs
Total Debt Service	\$18,023	\$18,023	\$18,023	\$18,023	\$18,023	\$0	
Less Connection Fees	\$0	\$0	\$0	\$0	\$0	\$0	
Net Debt Service	\$18,023	\$18,023	\$18,023	\$18,023	\$18,023	\$0	
Rate Funded Capital	\$65,000	\$125,000	\$140,000	\$155,000	\$170,000	\$185,000	\$54,935 FY 2019-20 Depr.
Reserve Funding							
To / (From) Saltwater Fund - 112	\$155,717	\$47,207	\$35,299	\$23,353	\$11,365	\$17,401	
To / (From) Saltwater Reserve Fund - 113	0	0	0	0	0	0	
Total Reserve Funding	\$155,717	\$47,207	\$35,299	\$23,353	\$11,365	\$17,401	
Total Revenue Requirement	\$809,024	\$827,494	\$846,112	\$865,131	\$884,561	\$904,461	

	<i>Budget</i>	<i>Projected</i>					<i>Notes</i>
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	
Bal./ (Def.) of Funds	\$0	(\$17,963)	(\$36,374)	(\$55,246)	(\$74,590)	(\$94,417)	
Rate Adj. as a % of Rate Rev.	0.0%	2.5%	5.1%	7.7%	10.4%	13.1%	
Proposed Rate Adjustment	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%	
<i>Months of Adjustment</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	
Add'l Revenue from Adj.	\$0	\$17,963	\$36,374	\$55,246	\$74,590	\$94,417	
Total Bal./ (Def.) of Funds	\$0	\$0	(\$0)	\$0	\$0	(\$0)	
Additional Rate Increase Needed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
DSC Ratio							
Before Rate Adjustment	13.25	9.56	8.71	7.83	6.92	N/A	
After Rate Adjustment	13.25	10.55	10.73	10.90	11.06	N/A	
Avg Res Annual Bill							
	\$265.60						
After Proposed Rate Adjustment	\$265.60	\$272.24	\$279.05	\$286.02	\$293.17	\$300.50	
Annual \$ Change		6.64	6.81	6.98	7.15	7.33	
Cumulative Change		6.64	13.45	20.42	27.57	34.90	
Avg Res Monthly Bill							
	\$22.13						
After Proposed Rate Adjustment	\$22.13	\$22.69	\$23.25	\$23.84	\$24.43	\$25.04	
Annual \$ Change		0.55	0.57	0.58	0.60	0.61	
Cumulative Change		0.55	1.12	1.70	2.30	2.91	
Reserve Funds							
Saltwater Fund - 112							
Beginning Balance	\$26,288	\$182,005	\$229,212	\$264,511	\$287,864	\$299,229	
Plus: To Operating Reserves	155,717	47,207	35,299	23,353	11,365	17,401	
Interfund Loan Proceeds	0	0	0	0	0	0	
Less: Uses of Funds	0	0	0	0	0	0	
Ending Balance	\$182,005	\$229,212	\$264,511	\$287,864	\$299,229	\$316,630	
<i>Target: 90 days of O&M</i>	<i>\$140,618</i>	<i>\$157,134</i>	<i>\$160,962</i>	<i>\$164,899</i>	<i>\$168,947</i>	<i>\$173,111</i>	
Saltwater Reserve Fund - 113							
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	
Plus: To Operating Reserves	0	0	0	0	0	0	
Less: Uses of Funds	0	0	0	0	0	0	
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	
Total Reserve Funds	\$182,005	\$229,212	\$264,511	\$287,864	\$299,229	\$316,630	

City of Avalon
 Saltwater Cost of Service Study
 Exhibit 4
 Capital Improvement Plan

Inflation	2.7%
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	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Saltwater Capital Improvement	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
Total Capital Projects	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000
Future Unidentified Projects	\$15,000	\$75,000	\$90,000	\$105,000	\$120,000	\$135,000	\$540,000
To Capital Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Improvement Projects	\$65,000	\$125,000	\$140,000	\$155,000	\$170,000	\$185,000	\$840,000
Less: Outside Funding Sources							
Saltwater Fund - 112	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Saltwater Reserve Fund - 113	0	0	0	0	0	0	0
New SRF Loans	0	0	0	0	0	0	0
New Revenue Bonds	0	0	0	0	0	0	0
Total Outside Funding Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate Funded Capital	\$65,000	\$125,000	\$140,000	\$155,000	\$170,000	\$185,000	\$840,000

<i>Rate Adjustment</i>	Present Rates	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		2.5%	2.5%	2.5%	2.5%	2.5%
Residential	\$265.60	\$272.30	\$279.10	\$286.10	\$293.25	\$300.60
Commercial	\$265.60	\$272.30	\$279.10	\$286.10	\$293.25	\$300.60
Hotel	\$146.10	\$149.75	\$153.50	\$157.35	\$161.30	\$165.35

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