

# WATER PROJECTIONS

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>REVENUE</b>											
Rate Revenue	23,345,000	23,875,000	24,400,000	24,645,000	24,892,000	25,140,000	25,390,000	25,645,000	25,900,000	26,160,000	26,422,000
Investment Income (1%)	-	-	-	-	-	-	-	-	-	-	-
Recharge Water*	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Other Charges	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>24,047,000</b>	<b>24,577,000</b>	<b>25,102,000</b>	<b>25,347,000</b>	<b>25,594,000</b>	<b>25,842,000</b>	<b>26,092,000</b>	<b>26,347,000</b>	<b>26,602,000</b>	<b>26,862,000</b>	<b>27,124,000</b>
<b>EXPENDITURES</b>											
Labor & Benefits	7,304,600	7,650,000	7,956,000	8,275,000	8,606,000	8,950,000	9,308,000	9,680,000	10,067,000	10,470,000	10,890,000
Purchased Water	500,000	500,000	600,000	600,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Groundwater Recharge	301,000	738,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Power Costs	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Contracted Wastewater Treatment	-	-	-	-	-	-	-	-	-	-	-
Contracted Solids Handling	-	-	-	-	-	-	-	-	-	-	-
Contract Services	3,613,100	3,695,000	3,725,000	3,755,000	3,785,000	3,860,700	3,937,914	4,016,672	4,097,006	4,178,946	4,262,525
Permits / Licenses	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Chemicals / Materials	920,200	925,000	930,000	935,000	940,000	945,000	950,000	955,000	960,000	965,000	970,000
Other Operating Expenses	1,184,100	1,195,941	1,207,900	1,219,979	1,232,179	1,244,501	1,256,946	1,269,515	1,282,211	1,295,033	1,307,983
<b>TOTAL EXPENDITURES</b>	<b>15,523,000</b>	<b>16,403,941</b>	<b>16,718,900</b>	<b>17,084,979</b>	<b>17,663,179</b>	<b>18,100,201</b>	<b>18,552,860</b>	<b>19,021,188</b>	<b>19,506,216</b>	<b>20,008,979</b>	<b>20,530,508</b>
<b>NET REVENUE</b>	<b>8,524,000</b>	<b>8,173,059</b>	<b>8,383,100</b>	<b>8,262,021</b>	<b>7,930,821</b>	<b>7,741,799</b>	<b>7,539,140</b>	<b>7,325,812</b>	<b>7,095,784</b>	<b>6,853,021</b>	<b>6,593,492</b>
Debt Service	(4,002,000)	(3,980,000)	(3,972,000)	(3,966,000)	(3,403,000)	(3,404,000)	(3,403,000)	(2,935,000)	(2,536,000)	(2,136,000)	(2,136,000)
DS Coverage - Target 1.2	2.13	2.05	2.11	2.08	2.33	2.27	2.22	2.50	2.80	3.21	3.09
Capital Expenditures	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)
<b>BEGINNING FUND EQUITY</b>	<b>87,534,075</b>	<b>87,951,075</b>	<b>88,039,134</b>	<b>88,345,234</b>	<b>88,536,254</b>	<b>88,959,075</b>	<b>89,191,874</b>	<b>89,223,014</b>	<b>89,508,826</b>	<b>89,963,610</b>	<b>90,575,631</b>
<b>ENDING FUND EQUITY</b>	<b>87,951,075</b>	<b>88,039,134</b>	<b>88,345,234</b>	<b>88,536,254</b>	<b>88,959,075</b>	<b>89,191,874</b>	<b>89,223,014</b>	<b>89,508,826</b>	<b>89,963,610</b>	<b>90,575,631</b>	<b>90,928,123</b>

\* GSC charges avoided due SNRC product water sent to recharge

# WASTEWATER COLLECTIONS

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>REVENUE</b>											
Rate Revenue*	4,545,000	4,565,000	4,610,650	4,656,757	4,703,324	4,750,357	4,797,861	4,845,839	4,894,298	4,943,241	4,992,673
LRP Revenue	-	-	-	-	-	-	-	-	-	-	-
Investment Income (1%)	20,000	22,000	25,000	25,000	25,000	25,000	26,000	26,000	26,500	26,500	27,000
Recharge Water	-	-	-	-	-	-	-	-	-	-	-
Other Charges	110,000	110,000	110,000	110,000	110,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>4,675,000</b>	<b>4,697,000</b>	<b>4,745,650</b>	<b>4,791,757</b>	<b>4,838,324</b>	<b>4,815,357</b>	<b>4,863,861</b>	<b>4,911,839</b>	<b>4,960,798</b>	<b>5,009,741</b>	<b>5,059,673</b>
<b>EXPENDITURES</b>											
Labor & Benefits	2,087,400	2,150,022	2,214,523	2,280,958	2,349,387	2,419,869	2,492,465	2,567,239	2,644,256	2,723,584	2,805,291
Purchased Water	-	-	-	-	-	-	-	-	-	-	-
Groundwater Recharge	-	-	-	-	-	-	-	-	-	-	-
Power Costs	-	-	-	-	-	-	-	-	-	-	-
Contracted Wastewater Treatment	-	-	-	-	-	-	-	-	-	-	-
Contracted Solids Handling	-	-	-	-	-	-	-	-	-	-	-
Contract Services	964,900	990,000	995,000	1,000,000	1,005,000	1,010,000	1,040,300	1,071,509	1,103,654	1,136,764	1,170,867
Permits / Licenses	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Chemicals / Materials	121,800	125,800	130,000	135,000	140,000	145,000	150,000	155,000	160,000	165,000	170,000
Other Operating Expenses	336,900	353,000	355,000	357,000	360,000	363,000	366,000	369,000	372,000	375,000	378,000
<b>TOTAL EXPENDITURES</b>	<b>3,511,000</b>	<b>3,618,822</b>	<b>3,694,523</b>	<b>3,772,958</b>	<b>3,854,387</b>	<b>3,937,869</b>	<b>4,048,765</b>	<b>4,162,748</b>	<b>4,279,910</b>	<b>4,400,347</b>	<b>4,524,158</b>
<b>NET REVENUE</b>	<b>1,164,000</b>	<b>1,078,178</b>	<b>1,051,127</b>	<b>1,018,798</b>	<b>983,937</b>	<b>877,489</b>	<b>815,096</b>	<b>749,092</b>	<b>680,888</b>	<b>609,393</b>	<b>535,515</b>
Debt Service	(313,000)	(313,000)	(313,000)	(313,000)	(303,000)	(303,000)	(302,000)	(301,000)	(300,000)	(303,000)	(301,000)
DS Coverage - Target 1.2	3.72	3.44	3.36	3.25	3.25	2.90	2.70	2.49	2.27	2.01	1.78
Capital Expenditures	(793,000)	(690,000)	(640,000)	(400,000)	(450,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<b>BEGINNING FUND EQUITY</b>	<b>28,349,563</b>	<b>29,513,563</b>	<b>30,591,741</b>	<b>30,689,868</b>	<b>31,395,667</b>	<b>32,076,603</b>	<b>32,651,092</b>	<b>33,164,188</b>	<b>33,612,280</b>	<b>33,993,168</b>	<b>34,299,561</b>
<b>ENDING FUND EQUITY</b>	<b>29,513,563</b>	<b>30,591,741</b>	<b>30,689,868</b>	<b>31,395,667</b>	<b>32,076,603</b>	<b>32,651,092</b>	<b>33,164,188</b>	<b>33,612,280</b>	<b>33,993,168</b>	<b>34,299,561</b>	<b>34,534,077</b>

\* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases

# WASTEWATER TREATMENT

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>REVENUE</b>											
Rate Revenue*	8,300,000	8,300,000	8,383,000	8,466,830	8,551,498	8,637,013	8,723,383	8,810,617	8,898,723	8,987,711	9,077,588
LRP Revenue	-	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Investment Income (1%)	-	-	-	-	55,000	115,765	127,213	138,673	150,128	161,558	172,943
Recharge Water	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000
Other Charges	-	-	-	-	-	70,000	70,000	70,000	70,000	70,000	70,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>8,300,000</b>	<b>8,300,000</b>	<b>8,383,000</b>	<b>8,466,830</b>	<b>9,866,498</b>	<b>10,532,778</b>	<b>10,630,596</b>	<b>10,729,290</b>	<b>10,828,851</b>	<b>10,929,269</b>	<b>11,030,530</b>
<b>EXPENDITURES</b>											
Labor & Benefits	-	-	-	-	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863
Purchased Water	-	-	-	-	-	-	-	-	-	-	-
Groundwater Recharge	-	-	-	-	600,000	600,000	618,000	636,540	655,636	675,305	695,564
Power Costs	-	-	-	-	700,000	707,000	714,070	721,211	728,423	735,707	743,064
Contracted Wastewater Treatment	-	-	-	-	600,000	618,000	636,540	655,636	675,305	695,564	716,719
Contracted Solids Handling	-	-	-	-	65,000	65,000	65,650	66,307	66,970	67,639	68,316
Contract Services	-	-	-	-	150,000	150,000	151,500	153,015	154,545	156,091	157,652
Permits / Licenses	-	-	-	-	475,000	475,000	489,250	503,928	519,045	534,617	550,655
Insurance	-	-	-	-	-	-	-	-	-	-	-
Chemicals / Materials	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,300,000</b>	<b>8,300,000</b>	<b>8,383,000</b>	<b>8,466,830</b>	<b>3,790,000</b>	<b>3,833,000</b>	<b>3,929,550</b>	<b>4,028,812</b>	<b>4,130,866</b>	<b>4,235,793</b>	<b>4,343,678</b>
<b>NET REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,076,498</b>	<b>6,699,778</b>	<b>6,701,046</b>	<b>6,700,478</b>	<b>6,697,986</b>	<b>6,693,475</b>	<b>6,686,852</b>
Debt Service	-	-	-	-	-	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)
DS Coverage - Target 1.2	-	-	-	-	-	1.21	1.21	1.21	1.21	1.20	1.20
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
<b>BEGINNING FUND EQUITY***</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>	<b>5,500,000</b>	<b>11,576,498</b>	<b>12,721,277</b>	<b>13,867,323</b>	<b>15,012,801</b>	<b>16,155,787</b>	<b>17,294,262</b>
<b>ENDING FUND EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>	<b>11,576,498</b>	<b>12,721,277</b>	<b>13,867,323</b>	<b>15,012,801</b>	<b>16,155,787</b>	<b>17,294,262</b>	<b>18,426,115</b>

\* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases

\*\* 6,000 AF @ \$210 / AF

\*\*\* Loan requires 1 years' debt service in restricted reserve on day one.

# TOTAL PROJECTIONS

	TEN YEAR PROJECTION											
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
<b>REVENUE</b>												
Rate Revenue	36,190,000	36,740,000	37,393,650	37,768,587	38,146,822	38,527,371	38,911,244	39,301,457	39,693,021	40,090,952	40,492,261	
LRP Revenue	-	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	
Investment Income (1%)	95,000	97,000	100,000	100,000	155,000	215,765	228,213	239,673	251,628	263,058	274,943	
Recharge Water	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000	
Other Charges	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUE</b>	<b>37,022,000</b>	<b>37,574,000</b>	<b>38,230,650</b>	<b>38,605,587</b>	<b>40,298,822</b>	<b>41,190,136</b>	<b>41,586,457</b>	<b>41,988,130</b>	<b>42,391,649</b>	<b>42,801,009</b>	<b>43,214,204</b>	
<b>EXPENDITURES</b>												
Labor & Benefits	9,392,000	9,800,022	10,170,523	10,555,958	12,155,387	12,605,869	13,073,545	13,558,511	14,061,866	14,584,712	15,128,154	
Purchased Water	500,000	500,000	600,000	600,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	
Groundwater Recharge	301,000	738,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	
Power Costs	1,700,000	1,700,000	1,700,000	1,700,000	2,300,000	2,300,000	2,318,000	2,336,540	2,355,636	2,375,305	2,395,564	
Contracted Wastewater Treatment	8,300,000	8,300,000	8,383,000	8,466,830	-	-	-	-	-	-	-	
Contracted Solids Handling	4,578,000	4,685,000	4,720,000	4,755,000	700,000	707,000	714,070	721,211	728,423	735,707	743,064	
Contract Services	-	-	-	-	5,390,000	5,470,700	5,596,214	5,724,721	5,856,296	5,991,015	6,128,956	
Permits / Licenses	-	-	-	-	65,000	65,000	65,650	66,307	66,970	67,639	68,316	
Insurance	-	-	-	-	150,000	150,000	151,500	153,015	154,545	156,091	157,652	
Chemicals / Materials	1,042,000	1,050,800	1,060,000	1,070,000	1,555,000	1,565,000	1,589,250	1,613,928	1,639,045	1,664,617	1,690,655	
Other Operating Expenses	1,521,000	1,548,941	1,562,900	1,576,979	1,592,179	1,607,501	1,622,946	1,638,515	1,654,211	1,670,033	1,685,983	
<b>TOTAL EXPENDITURES</b>	<b>27,334,000</b>	<b>28,322,763</b>	<b>28,796,423</b>	<b>29,324,768</b>	<b>25,307,566</b>	<b>25,871,070</b>	<b>26,531,175</b>	<b>27,212,748</b>	<b>27,916,992</b>	<b>28,645,119</b>	<b>29,398,344</b>	
<b>NET REVENUE</b>	<b>9,688,000</b>	<b>9,251,237</b>	<b>9,434,227</b>	<b>9,280,819</b>	<b>14,991,256</b>	<b>15,319,066</b>	<b>15,055,282</b>	<b>14,775,382</b>	<b>14,474,657</b>	<b>14,155,890</b>	<b>13,815,860</b>	
Debt Service	(4,315,000)	(4,293,000)	(4,285,000)	(4,279,000)	(3,706,000)	(9,262,000)	(9,260,000)	(8,791,000)	(8,391,000)	(7,994,000)	(7,992,000)	
DS Coverage - Target 1.2	2.25	2.15	2.20	2.17	4.05	1.65	1.63	1.68	1.73	1.77	1.73	
Capital Expenditures	(4,898,000)	(4,795,000)	(4,745,000)	(4,505,000)	(4,555,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)	
<b>BEGINNING FUND EQUITY***</b>	<b>115,883,638</b>	<b>116,358,638</b>	<b>116,521,875</b>	<b>116,926,102</b>	<b>117,422,921</b>	<b>124,153,177</b>	<b>125,605,243</b>	<b>126,795,525</b>	<b>128,174,907</b>	<b>129,653,564</b>	<b>131,210,455</b>	
<b>ENDING FUND EQUITY</b>	<b>116,358,638</b>	<b>116,521,875</b>	<b>116,926,102</b>	<b>117,422,921</b>	<b>124,153,177</b>	<b>125,605,243</b>	<b>126,795,525</b>	<b>128,174,907</b>	<b>129,653,564</b>	<b>131,210,455</b>	<b>132,429,315</b>	

\* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases

\*\* 6,000 AF @ \$210 / AF

\*\*\* Loan requires 1 years' debt service in restricted reserve on day one.

## DEFINITION OF TERMS

**Acre-foot-** a unit of measure commonly used in reference to large-scale water resource that is equal to 325,851 gallons.

**Capacity Fees-** The charges incurred by new construction which are required to offset previous infrastructure investments needed to serve that individual property or development.

**Capital Expenditures-** Routine purchases and replacement of assets with a cost exceeding \$5,000 and an expected life of more than two years, or non-routine construction project expenditures that will result in capitalization of an asset costing more than \$25,000.

**Chemical/ Materials-** Includes chemicals for treatment, and small tools

**Contract Services-** Mechanism to address ongoing and/or technical needs through outside services.

**Contracted Solids Handling-** The annual expense for the City of San Bernardino Water Department to treat the solids produced by District customers following initial treatment at the Sterling Natural Resource Center.

**Contracted Wastewater Treatment-** Current payments by the District to the City of San Bernardino Water Department under the Joint Powers Agreement. These payments would end and be replaced by solids handling fees following the reorganization of the District by LAFCO.

**Debt Service-** The quantity of loans and bonds issued, including interest payments, to finance capital projects as allowed by the District's Debt Management Policy.


**Debt Service Target-** Excess of rates & other revenue/ operating expenditures available for payment of debt service. The District is required to maintain minimum debt service ratio of 1.2.

**Fund Equity-** Excess of assets/ liabilities at any given point in time. The State Revolving Fund loan requires that 1-years' debt service is placed in restricted reserves at the commencement of the wastewater treatment facility operation.

**Insurance-** The additional general insurance liability coverage upon the completion of a recycled water facility.

**Investment Income-** Income earned on Cash Reserves in accordance with the District's Investment Policy.





**Labor & Benefits-** Employment expenses for District employees including salaries, CalPERS retirement program, and healthcare costs.

**Local Resource Program (LRP) Revenue-** Revenue earned from San Bernardino Valley Municipal Water District for delivering product water from the Sterling Natural Resource Center for groundwater replenishment to benefit the San Bernardino Basin Area (SBBA).

**Other Charges (& Income)-** Charges assessed in accordance with an adopted fee schedule, but are only charged to users who request, or require, use of District resources beyond the scope of delivering water and wastewater services.

**Other Operation Expenses-** On-going expenses necessary to meet customer demands.

**Permits/ Licenses-** Regulatory and operational requirements for wastewater treatment including facility and staffing permits and licenses.

**Power Costs-** The electrical power expenses to extract groundwater, treat purchased water, surface water, and groundwater when necessary, distribute water throughout the District, and to operate the wastewater treatment facility.

**Purchased Water-** paid to the San Bernardino Valley Municipal Water District for the purchase of State Project Water (SPW) for the purpose of groundwater replenishment or direct customer use. This is estimated to be 6,000 acre-feet of SPW at the current direct use cost of \$125 per acre-foot.

**Rate Revenue-** Monthly rates collected from customers to fund operations and maintenance. In order to conservatively account for future growth, a 1% escalator has been included in the 10-year Financial Plan to reflect septic tank conversions and modest new development.

**Recharge Water (Groundwater Replenishment Assessment)-** paid to the San Bernardino Valley Water Conservation District for groundwater pumped by the District for groundwater replenishment. This assessment would begin being avoided once the Sterling Natural Resource Center produced recycled water.

---