
SAN JUAN BAUTISTA



SEWER RATE STUDY FINAL REPORT

October 13, 2021



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



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October 13, 2021

311 Second Street
P.O. Box 1420
San Juan Bautista, CA 95045

Attention: Don Reynolds, City Manager

Re: Sewer Rate Study

Bartle Wells Associates is pleased to submit to the City of San Juan Bautista the attached Draft Sewer Rate Study. The study presents BWA's analysis of the operating and non-operating expenses of the City's sewer system and provides a five-year cash flow projection. The primary purpose of this study was to analyze the City's sewer enterprise and make recommendations that would achieve financial sustainability. Another important purpose of this study was to review rates to ensure that they adhere to the State's legal requirements.

The enclosed report recommends updating rates and charges to more accurately recover the costs of providing service to the City's sewer customers. Recommendations were developed with substantial input from City staff. BWA finds that the rates and charges proposed in our report are based on the cost of service for each customer, follow generally accepted rate design criteria, and adhere to the substantive requirements of Proposition 218. BWA believes that the proposed rates are fair and reasonable to the City's customers.

We have enjoyed working with the City on this rate study and assisting with the EPA compliance project; a new force main to Hollister. We are proud of BWA's efforts to review Hollister's proposed connection fee which will likely contribute to the City saving over \$2.1 million. Please contact us with any future questions about this study and the recommended sewer rates.

Sincerely,

Douglas Dove, PE, CIPMA
Principal/ President

Erik Helgeson, MBA
Assistant Vice President

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1 BACKGROUND & OBJECTIVES

1.1 Background & Wastewater Facility Improvements

The City of San Juan Bautista (City) is located at the northern region of San Benito County, CA, about 45 miles south of the City of San Jose. The City provides water and sewer services to over 900 customers in an area that encompasses about 0.7 square miles. The City owns and operates a wastewater collection system that consists of approximately 9.3 miles of gravity trunks, force mains, and five lift stations, which convey the flow to the City's Wastewater Treatment Plant (WWTP).

The revenues from the City's sewer utility are primarily derived from charges for services. The City must establish rates and charges adequate to fund the cost of providing sewer services, including costs for operations and capital improvements needed to keep the City's utility infrastructure in safe and in reliable operating condition.

For many years the City has failed to meet local National Pollutant Discharge Elimination System ("NPDES") permit limits. The City is currently paying fines for non-compliance of \$3,000 per month. In 2020 the City hired Akel Engineering to develop a master plan for the City's sewer system and Stantec to provide a review of the treatment options. Stantec identified several options to bring the City into compliance and recommended regionalization, connecting to the City of Hollister's wastewater treatment plant, as the best option.

The cost of the regionalization project, adjusted for inflation, was originally anticipated to be \$14.8 million. This included a \$4.67 million fee to connect to the City of Hollister's wastewater treatment plant. Bartle Wells Associates reviewed Hollister's connection fee methodology and recommended the connection fee be adjusted to reflect the depreciation of Hollister's treatment plant. BWA recalculated the connection fee and derived a fee of \$2.55 million. The City presented the recalculated fee to the City of Hollister and the City of Hollister accepted the reduced fee. This change lowered the projected project cost by over \$2.1 million to \$12.7 million. The City has been working to try and minimize the project cost and is aggressively seeking grants and subsidized, low-interest-rate loans to offset funding requirements from future sewer rates.

The City's wastewater utility is a financially self-supporting enterprise. Revenues are derived primarily from sewer service charges. As such, the City's sewer rates must be set at adequate levels to fund the costs of providing service and:

- Fund ongoing operating and maintenance expenses
- Address State mandates & RWQCB wastewater regulatory requirements

- Fund the regionalization project, related debt service and associated increased operating costs
- Provide funding for sewer collection system maintenance and upgrades

The prior sewer rate increases strengthened the financial condition of the sewer enterprise. However, current rates are not adequate to fund the needed wastewater facility improvements.

1.2 Goals & Objectives

In 2020, the City retained Bartle Wells Associates (BWA) via a competitive RFP process to develop a financial plan and rate study for the sewer enterprise. Key goals and objectives of the study include:

1. Develop a financial plan for the City's sewer enterprise that:
 - a. supports the City's sewer operating and capital programs
 - b. funds the wastewater regionalization project
 - c. provides an ongoing funding stream for sewer collection system improvements
 - d. prudently uses sewer fund reserves to help minimize debt financing needs while maintaining an adequate level of fund reserves in future years
 - e. maintains the long-term financial sustainability of the sewer enterprise
2. Develop sewer rates that:
 - a. recover the City's costs of providing sewer service
 - b. are fair and equitable to all customer classes
 - c. are easy to understand and implement
 - d. comply with the legal requirements of Proposition 218 and other California law
3. Aim for steady, gradual annual rate increases, to the extent possible, to help minimize the annual impact on customers.

BWA worked closely with City staff to incorporate information and input, evaluate alternatives, and develop recommendations. This report summarizes key findings and recommendations for sewer rates over the next five years.

1.3 Summary of Sewer Rate Recommendations

Table 1 shows a summary of proposed sewer rate recommendations. The proposed rates also include some rate structure modifications designed to improve equity and reflect the cost of providing wastewater service to all customer classes. Proposed rate structure modifications include the following:

Residential Sewer Rates

- Maintain fixed monthly sewer service charges per dwelling unit

Commercial/Non-Residential Sewer Rates

- Maintain minimum monthly charge to help fund fixed costs (the minimum charge only applied if usage is below minimum levels)
- Transition from three volumetric strength rates to one, single, volumetric rate based on domestic strength discharge. This will reflect the treatment charges from the City of Hollister which are based on discharge flow. The City will require pretreatment if customers exceed domestic strength limits.

Table 1. Proposed Sewer Rates

Proposed Rates	FY 19-20	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
<i>Residential Sewer Rates</i>						
Monthly Fixed Rate	\$83.61	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
<i>Commercial Sewer Rates</i>						
Min. Monthly Base Charge	\$84.03	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Volumetric Rates						
Standard Strength \$/1,000 gal	\$9.10	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57
Moderate Strength \$/1000 gal	\$13.35					
High Strength \$/1,000 gal	\$18.18					

2 SEWER FINANCIAL PLAN & RATE PROJECTIONS

2.1 Current Sewer Rates

Table 2 shows the City's current sewer rates.

Table 2. Current Sewer Rates

Existing Rates	FY 20-21
<i>Residential Sewer Rates</i>	
Monthly Fixed Rate	\$83.61
<i>Commercial Sewer Rates</i>	
Min. Monthly Base Charge	\$84.03
Volumetric Rates	
Standard Strength \$/1,000 gal	\$9.10
Moderate Strength \$/1000 gal	\$13.35
High Strength \$/1,000 gal	\$18.18

The City's sewer rate structure varies by customer class:

- Residential customers pay a fixed monthly charge per dwelling unit. These fixed charges reflect the system capacity needs for serving a typical residential unit. The City incurs a substantial amount of fixed costs ensuring that sewer system capacity is available at all times to meet customer needs on demand. All residential dwelling units current pay the same fixed monthly charge of \$83.61, which equates to a charge of \$2.75 per day.
- Commercial and other non-residential customers pay volumetric sewer charges billed based on customer class and water use. Customer classes with higher strength wastewater pay higher rates reflecting the higher costs of wastewater treatment. Commercial charges are billed per thousand gallons of metered water use. Current commercial rates range from \$9.10 to \$18.18 per thousand gallons. Industrial customers are charged \$9.10 per thousand gallons reflecting that they must limit their discharge to domestic strength.

2.2 Sewer Financial Overview

BWA conducted an independent evaluation of sewer enterprise finances. Key observations include:

- Previous rate increases have put the sewer enterprise in a sound financial position, but the City faces substantial financial challenges going forward.
- Sewer fund reserves are currently at healthy levels but are projected to be partially drawn down in upcoming years to help fund wastewater treatment facility improvements. Financial projections are designed to maintain a prudent minimum level of fund reserves in future years.
- The City will need to implement significant sewer rate increases over the next 5 years to support funding for the regionalization project to comply with the EPA and RWQCB regulatory and permit requirements.

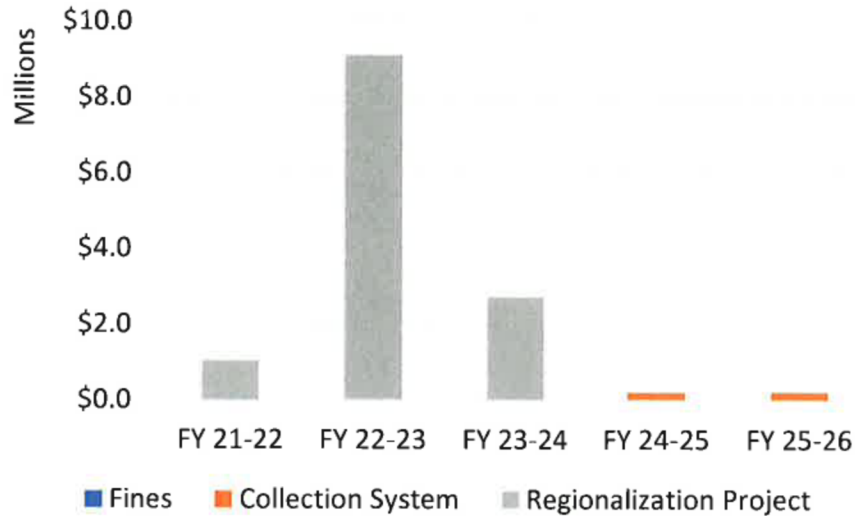
2.3 Financial Challenges / Key Drivers of Rate Increases

The sewer enterprise is facing a number of financial challenges that will require the City to increase sewer rates in upcoming years. Key drivers of future rate increases are summarized as follows.

2.3.1 Sewer Capital Upgrades & Maintenance

The City is anticipating \$13.3 million in capital spending through FY 2025-26. The largest projected capital cost is the regionalization project to connect the City's sewer collection system to the City of Hollister's wastewater treatment plant. The City is compelled by the EPA to complete this project by December 2023. Following the completion of the regionalization project, the City will then focus on upgrades and maintenance of the collection system but will no longer be responsible for waste water treatment.

Figure 1 – Sewer Capital Improvement Plan



2.3.1.1 Wastewater Treatment Regionalization

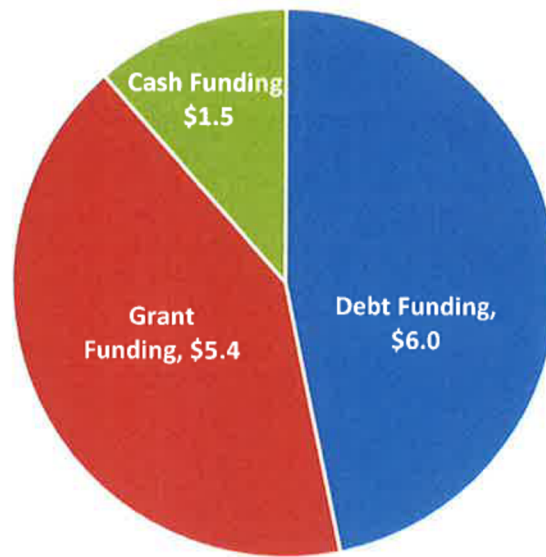
The City’s wastewater treatment plant does not comply with the regulatory treatment requirements. The City is currently paying fines of \$3,000 per month for being out of compliance and if it does not bring its wastewater treatment into compliance the fines will grow. In 2020 Stantec developed a Preliminary Engineering Report which analyzed the treatment options available to the City and recommended the City connect to the City of Hollister’s wastewater treatment plant.

Project Cost and Funding

The cost of the regionalization project, adjusted for inflation, was originally anticipated to be \$14.8 million. This included a \$4.67 million fee to connect to the City of Hollister’s wastewater treatment plant. Bartle Wells Associates reviewed Hollister’s connection fee methodology and recommended the connection fee be adjusted to reflect the depreciation of Hollister’s treatment plant. BWA recalculated the connection fee and derived a fee of \$2.55 million. The City presented the recalculated fee to the City of Hollister and the City of Hollister accepted the reduced fee. This change lowered the projected project cost by over \$2.1 million to \$12.7 million.

The project is projected to be funded by a combination of grants, low-interest-rate financing from the USDA or Clean Water State Revolving Fund (SRF) financing program, and cash funding generated from prior and proposed sewer rate increases. The City is anticipating \$5.4 million of the project will be funded through grants. However, the City is actively pursuing more grant funding. The following chart shows a breakdown of anticipated project funding sources.

Figure 2 –Anticipated Regionalization Project Funding Sources (\$ million)



Project Impact to Annual Operating Costs

BWA is projecting that annual treatment costs charged by the City of Hollister will be \$650,000. However, BWA estimates that the City will reduce its annual operating expenses by \$240,000. The net increase in annual operating costs will be \$410,000. It is also important to note that if the City had chosen to upgrade its treatment plant operating costs would have increased. Also, by connecting to Hollister’s treatment plant the City will benefit from economies of scale when the wastewater treatment plant needs to be repaired or upgraded in the future.

2.3.2 Ongoing Operating Cost Inflation

The City faces ongoing operating cost inflation due to annual increases in a range of expenses including staffing, utilities, chemicals, insurance, supplies, etc. Sewer cost inflation has historically been significantly higher than the Consumer Price Index (CPI) for consumer goods and services. Sewer rates have not been increased since July 1, 2019.

2.4 Sewer Reserve Funds

Maintaining a prudent minimal level of fund reserves provides a financial cushion for dealing with unanticipated expenses, revenue shortfalls, and non-catastrophic emergency capital repairs. Reserves are also needed to secure future debt financing. BWA developed a financial plan designed to maintain prudent reserve levels.

2.4.1 Financial Plan Assumptions

The financial projections incorporate the latest information available and a number of reasonable and slightly conservative assumptions for planning purposes. Key assumptions include:

Revenue Assumptions

- Sewer rate revenues are based on estimated revenues for the current fiscal year. The City is anticipating minimal growth. To be conservative and ensure revenues will be sufficient, BWA did not include a growth factor.
- Future investment earnings are projected at 1% of beginning annual fund reserves.

Expense Assumptions

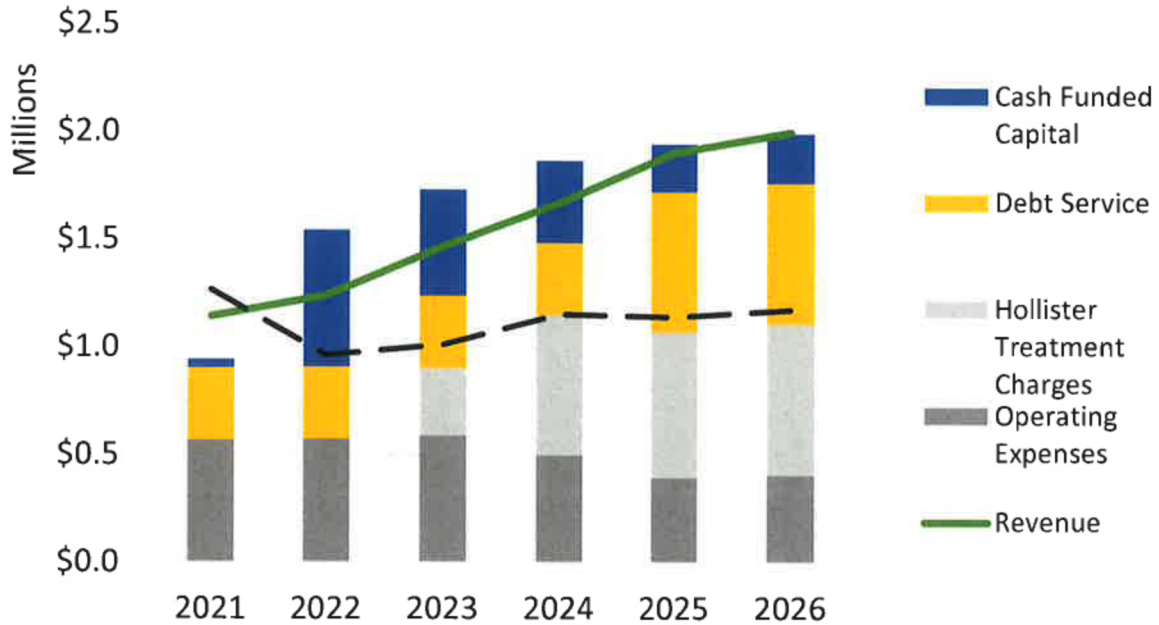
- Operating and maintenance costs are primarily based on the 2021/22 budget. Operating costs are projected to escalate at the annual rate of 3.5% to account for cost inflation.
- BWA is projecting that annual treatment costs charged by the City of Hollister will be \$650,000. However, BWA estimates that the City will reduce its annual operating expenses by \$240,000. The net increase in annual operating costs will be approximately \$410,000.
- Capital improvement costs are based on the most recent engineering cost estimates. Capital costs include a 3.5% annual construction cost inflation factor.
- The projections assume \$5.3 million of grant funding.
- Debt service projections are conservatively estimated at 3.0% annual interest rate with a 30-year repayment term starting the year after the regionalization project is completed.

Table 3 - Sewer Cash Flow Projections

Operating Cashflow	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Reserves						
Total Reserve Balance	\$1,066,884	\$1,267,111	\$963,208	\$1,011,686	\$1,298,781	\$1,285,525
Revenue Escalation						
Rate Revenue Increase		14.0%	14.0%	14.0%	14.0%	5.0%
Revenues						
Rate Revenue	\$1,111,582	\$1,111,582	\$1,267,204	\$1,444,612	\$1,646,858	\$1,877,418
Rate Increase Revenue	0	155,622	177,409	202,246	230,560	93,871
Rate Increase Timing Adjustment		-51,874				
Other Revenue	20,000	12,671	9,632	10,117	12,988	12,855
Connection Fee Revenue	\$12,488	\$12,488	\$12,488	\$12,488	\$12,488	\$12,488
Total Revenue	\$1,144,070	\$1,240,489	\$1,466,732	\$1,669,462	\$1,902,893	\$1,996,632
Expenses						
Operating Expenses	\$569,194	\$573,798	\$588,324	\$496,753	\$392,593	\$404,917
Hollister Charges*	0	0	0	312,924	650,882	676,918
Existing Debt Service	335,133	334,593	336,078	334,931	334,931	334,931
New Debt Service	0	0	0	0	316,000	316,000
Rate Funded Capital	\$39,516	\$636,000	\$493,852	\$237,760	\$221,744	\$229,505
Total Expenses	\$943,843	\$1,544,391	\$1,418,254	\$1,382,368	\$1,916,149	\$1,962,270
Net Revenues	\$200,227	-\$303,902	\$48,478	\$287,095	-\$13,256	\$34,362
Ending Unrestricted Balance	\$1,267,111	\$963,208	\$1,011,686	\$1,298,781	\$1,285,525	\$1,319,887
Debt Coverage (Target 1.25)	1.72	1.99	2.61	2.57	1.32	1.41
*Hollister charges may change if Hollister performs a new wastewater rate study						
Capital Funding						
Capital Revenues						
Use of Debt Proceeds		\$200,000	\$4,000,000	\$1,800,000		
Grant Revenue	\$0	\$200,000	\$4,623,463	\$509,440		
Rate Funded Capital	\$39,516	\$636,000	\$493,852	\$237,760	\$221,744	\$229,505
Total Capital Funding	\$39,516	\$1,036,000	\$9,117,315	\$2,547,200	\$221,744	\$229,505
Total Capital Expenditures	\$39,516	\$1,036,000	\$9,117,315	\$2,547,200	\$221,744	\$229,505

The following chart shows a 5-year breakdown of projected sewer enterprise expenses.

Figure 3 – Projected Sewer Enterprise Cashflow



2.5 Sewer Rate Increases

The cash flow projections indicate the need for overall sewer rate increases over the next five years as shown on the following table. *Note that actual customer rate impacts will vary due to rate structure modifications and cost-of-service rate realignment.*

Table 4 – Projected Overall Sewer Rate Increases

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Rate Revenue Increase %	14.0%	14.0%	14.0%	14.0%	5.0%
Rate Revenue Increase \$	\$155,622	\$177,409	\$202,246	\$230,560	\$93,871

In future years, the City can re-evaluate its finances and revenue requirements and adjust rates as needed based on updated projections. However, while the City always has the flexibility to implement rate adjustments that are lower than adopted pursuant to Proposition 218, future rates cannot exceed adopted increases without going through the Proposition 218 process again; rates adopted pursuant to Proposition 218 are essentially future rate caps.

3 SEWER RATE DERIVATION & IMPACTS

3.1 Sewer Rate Structure Modifications

Based on evaluation of a number of potential rate structure modifications, updated cost-of-service-based rate derivation, and input from City staff, BWA recommends various modifications to the City's sewer rate structure. The modifications are designed to improve equity and reflect the cost of providing wastewater service to all customer classes. Proposed rate structure modifications include:

Residential Sewer Rates

- Maintain fixed monthly sewer service charges per dwelling unit

Commercial/Non-Residential Sewer Rates

- Maintain a minimum monthly charge to help fund fixed costs (the minimum charge only applied if usage is below minimum levels).
- Transition from commercial rate categories based on wastewater strength to one volumetric rate for all commercial sewer customers. This recommendation reflects projected Hollister charges for treatment being based only on flow.

3.2 Cost Recovery Allocations

BWA is proposing to allocate costs based solely on flow because the City will only be maintaining the collection system and Hollister will bill for treatment based on flow and not strength. The City will require pretreatment if customers exceed strength limits.

3.3 Sewer Rate Derivation

The tables in this section derive sewer rates for fiscal year 2021/22. The following table shows how BWA derived estimated sewer flows. Indoor use per resident is based on California mandate per capita usage. The population estimate was provided by City staff.

Table 5 – Wastewater Flow & Strength Loadings

Estimated Sewer Flow Units	Units	Unit of Measure
<i>Estimated City Population</i>	2,151.00	#
<i>Residential Units</i>	815.00	#
<i>Occupancy</i>	2.64	#
<i>Indoor Water Use per Resident (Sewer Flow)</i>	55.00	Gallons per Day (GPD)
<i>Annual Sewer Flow per Residential Unit</i>	52,983.22	Gallons
<i>Annual Sewer Flow per Residential Unit</i>	52.98	1,000 Gallons
Annual Residential Sewer Flow	43,181.33	1,000 Gallons
FY 2020-21 Commercial Sewer Flow	22,884.99	1,000 Gallons
Total Annual Sewer Flow Estimate	66,066.32	1,000 Gallons

The following table shows a breakdown of wastewater flows and strength loadings based on wastewater flows from recent years and wastewater strength loadings associated with each customer class.

Table 6 – Wastewater Flow & Strength Cost Allocation

Fixed Charge Calculation	Sewer Billed Units	Return Factor ²	Estimated Sewer Flow	Sewer Cost Allocation	Revenue Requirement
Residential	815	1	43,181.33	73.80%	\$935,148
Commercial	77	0.67	15,332.95	26.20%	\$332,055
Total	892		58,514.27		\$1,267,204

1: Residential billed use based on estimated indoor consumption and Commercial billed use is based on metered water use

2: Commercial return factor based on annual winter use as a percent of total water demand

The following table calculates the sewer rate for each customer class in fiscal year 2021/22 by dividing the annual revenue requirement by the number of billing units applicable to each class.

Table 7 – Sewer Rate Derivation for 2024/25

Commercial Volumetric

Rate Derivation	Units	Unit of Measure
Total Sewer Flow	22,884.99	1,000 Gallons
Revenue Requirement	\$332,055.16	\$
Sewer Volumetric Unit Rate	\$14.51	\$ per 1,000 gallons

Residential Fixed

Rate Derivation	Units	Unit of Measure
Residential Units	815.00	Unit
Revenue Requirement	\$935,148.50	\$
Total Monthly Fixed Charge	\$95.62	\$ per Unit per Month

3.4 Proposed Sewer Rates

Table 13 shows a 5-year schedule of proposed sewer rates incorporating a) the overall level of required rate increases needed to fund projected future annual revenue requirements, b) proposed rate structure modifications to improve equity in cost recovery, and c) the updated cost allocations designed to reflect the cost of providing service to each customer class.

Table 8 – Proposed Sewer Rates

Proposed Rates	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
Residential Sewer Rates						
Monthly Fixed Rate	\$83.61	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Commercial Sewer Rates						
Min. Monthly Base Charge	\$84.03	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Volumetric Rates						
Standard Strength \$/1,000 gal	\$9.10	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57
Moderate Strength \$/1000 gal	\$13.35					
High Strength \$/1,000 gal	\$18.18					

4 CONCLUSION AND RECOMMENDATIONS

This water rate study report presents a comprehensive review of the City of San Juan Bautista's sewer revenue requirements, cost allocations, and rate structures. The City will need regular annual rate increases to keep up with cost inflation and be able to complete necessary capital projects while maintaining prudent reserves. Current rates will need to be updated to reflect the cost of service.

4.1 Conclusion

The City practices sound financial planning that has provided for the financial health of the sewer enterprise. Historically, the City has increased rate revenue to keep up with inflationary cost increases and fund system upgrades and maintenance. However, despite the City's efforts to secure grant funding and the reduced connection fee agree to by Hollister, the City is facing large capital expenditures which require rates to increase more than inflation. These recent developments have been factored into a comprehensive wastewater rate study and are reflected in the above proposed rates. Adoption of these rates reflect the City's commitment to stewarding financially sound utilities and providing reliable, high quality water service that will benefit the community many years into the future.

4.2 Recommendations

BWA recommends that the City adopt the rates shown in this report. Rates were developed as part of a collaborative process that included Staff and Budget committee review. At minimum, BWA recommends that the City review and update its sewer rate study every five years and/or concurrent with Master Plan Updates. Proposition 218 allows public agencies to adopt rates over a five-year planning period. Any further rate increases must be supported by a comprehensive rate study.

APPENDIX A

Sewer Rate Study Tables

Sewer Rate Study Tables

9/15/21



SAN JUAN BAUTISTA
The City of History



BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors

Table A
City of San Juan Bautista
Recommended Sewer Rates
Sewer Rate Study

Rates	FY 19-20	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
Residential Sewer Rates						
Monthly Fixed Rate	\$83.61	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Commercial Sewer Rates						
Min. Monthly Base Charge	\$84.03	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
Volumetric Rates						
Standard Strength \$/1,000 gal	\$9.10	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57
Moderate Strength \$/1000 gal	\$13.35					
High Strength \$/1,000 gal	\$18.18					

Table 1
City of San Juan Bautista
Projected Operating Expenses
Sewer Rate Study

Cost Escalation	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
General Inflation Factor			3.5%	3.5%	3.5%	3.5%	3.5%
Expenses¹	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Actual</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
502.000 · Salaries and Wages - FT	\$138,857	\$119,209	\$113,132	\$117,092	\$121,190	\$125,431	\$129,822
504.000 · Salaries and Wages - OT	\$0			\$0	\$0	\$0	\$0
508.000 · FICA	\$9,340	\$9,028	\$9,786	\$10,129	\$10,483	\$10,850	\$11,230
510.000 · Worker's Comp	\$4,940	\$5,623	\$5,193	\$5,375	\$5,563	\$5,758	\$5,959
514.000 · Health Insurance	\$25,683	\$18,821	\$22,724	\$23,519	\$24,343	\$25,195	\$26,076
518.000 · 457k Retirement Contribution	\$757	\$754	\$1,762	\$1,824	\$1,887	\$1,954	\$2,022
522.000 · Uniforms & Alterations	\$191	\$233	\$500	\$518	\$536	\$554	\$574
524.000 · Phys., Drug & Psych Testing	\$0	\$15	\$100	\$104	\$107	\$111	\$115
526.000 · Education and Training	\$412	\$875	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148
528.000 · Travel/Per Diem/Car Allowance	\$35		\$500	\$518	\$536	\$554	\$574
550.000 · Office Supplies	\$2,968	\$1,544	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295
558.000 · Printing and Copies	\$334	\$135	\$100	\$104	\$107	\$111	\$115
548.000 · Advertising	\$0		\$200	\$207	\$214	\$222	\$230
562.000 · Food and Beverages	\$161	\$295	\$500	\$518	\$536	\$554	\$574
516.000 · Insurance - Liab/Bond/Auto/Prop	\$11,218	\$13,237	\$14,500	\$15,008	\$15,533	\$16,076	\$16,639
544.000 · Computer Software Service	\$1,514	\$513	\$500	\$518	\$536	\$554	\$574
545.000 · Computer Hardware Service	\$146	\$286	\$500	\$518	\$536	\$554	\$574
530.000 · Dues and Subscriptions	\$519	\$0	\$750	\$776	\$803	\$832	\$861
634.000 · Copier Services & Lease	\$1,270	\$1,416	\$1,750	\$1,811	\$1,875	\$1,940	\$2,008
638.000 · Bank Charges/PR Processing	\$2,250	\$2,250	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590
551.000 · Postage and Freight	\$2,780	\$3,089	\$2,700	\$2,795	\$2,892	\$2,994	\$3,098
600.000 · Operational Contracts ²	\$114,164	\$122,824	\$135,000	\$139,725	\$69,863		\$0
602.000 · Legal		\$7,620	\$5,000	\$5,175	\$5,356	\$5,544	\$5,738
604.000 · Engineering	\$0	\$9,289	\$7,530	\$7,794	\$8,066	\$8,349	\$8,641
612.002 · Security	\$1,871	\$2,412	\$2,800	\$2,898	\$2,999	\$3,104	\$3,213
612.006 · Web maintenance		\$967		\$0	\$0	\$0	\$0
624.000 · Janitorial		\$182	\$275	\$285	\$295	\$305	\$316
654.000 · Chemical Testing ²	\$21,014	\$71,922	\$65,000	\$67,275	\$33,638	\$10,000	\$10,350
640.000 · Telecomm	\$2,089	\$2,172	\$2,500	\$2,588	\$2,678	\$2,772	\$2,869
642.000 · Electricity	\$64,031	\$71,452	\$83,000	\$85,905	\$88,912	\$69,018	\$71,433
656.000 · Licenses and Permits	\$5,197	\$5,659	\$6,000	\$6,210	\$6,427	\$6,652	\$6,885
531.000 · Bad debt	\$0		\$8,000	\$4,000	\$4,000	\$4,000	\$4,000
712.000 · Materials	\$84	\$0	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148
532.01 · Equipment Rental	\$0	\$0	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721
701.000 · Small Tools	\$602	\$724	\$1,500	\$1,553	\$1,607	\$1,663	\$1,721
702.000 · Safety Gear & First Aid	\$0		\$1,500	\$1,553	\$1,607	\$1,663	\$1,721
554.000 · Gasoline & Diesel Fuel	\$3,297	\$2,320	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590
552.000 · Chemical and Gasses	\$3,759	\$8,053	\$4,500	\$4,658	\$4,821	\$4,989	\$5,164
716.000 · Parts - City Rep. Vehicles	\$457	\$542	\$1,000	\$1,035	\$1,071	\$1,109	\$1,148
718.000 · Parts - City Rep. Equipment	\$3,850	\$2,293	\$4,000	\$4,140	\$4,285	\$4,435	\$4,590
720.000 · Parts - City Rep. Water	\$2	\$45		\$0	\$0	\$0	\$0
722.000 · Parts - City Rep. Sewer	\$5,335	\$7,066	\$8,000	\$8,280	\$8,570	\$8,870	\$9,180
765.000 · Sludge Removal	\$9,107			\$0	\$0	\$0	\$0
764.001 · Sewer Maint. Outside	\$561	\$17,670	\$2,000	\$2,070	\$2,142	\$2,217	\$2,295
751.001 · Maint. & Repair Wells	\$9	\$0		\$0	\$0	\$0	\$0
752.000 · Vehicle Maint. - Outside	\$0	\$52		\$0	\$0	\$0	\$0
754.000 · Equipment Maint. - Outside	\$4,872	\$9,145	\$7,500	\$7,763	\$8,034	\$8,315	\$8,606
762.000 · Streets Maint. & Paving	\$31		\$1,000	\$1,035	\$1,071	\$1,109	\$1,148
766.000 · Sewer Maint. - Plant	\$1,451	\$12,965	\$2,500	\$2,588	\$2,678	\$2,772	\$2,869
Transfer G&A Expenses	\$69,952	\$36,497	\$36,496	\$36,496	\$36,496	\$36,496	\$36,496
Total Operating Expenses	\$515,110	\$569,194	\$573,798	\$588,324	\$496,753	\$392,593	\$404,917
<i>% Change from Previous Year</i>	<i>41.4%</i>	<i>-37.6%</i>	<i>11.4%</i>	<i>3.4%</i>	<i>-13.4%</i>	<i>-33.3%</i>	<i>-18.5%</i>

¹Based on SJB budget

²Expenses reduced as waste is sent to Hollister for treatment

Table 2
City of San Juan Bautista
Projected Operating Revenues
Sewer Rate Study

Revenue		FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
		<i>Actual</i>	<i>Actual</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
486.000 · Utility Fees Commercial		\$185,201	\$291,929					
485.000 · Utility Fees Residential		\$819,653	\$819,653					
Rate Revenue	Demand	\$1,004,854	\$1,111,582	\$1,111,582	\$1,267,204	\$1,444,612	\$1,646,858	\$1,877,418
Additional Rate Revenue^{1,2}		\$0	\$0	\$155,622	\$177,409	\$202,246	\$230,560	\$93,871
Other Revenue								
490.000 · Misc. Revenue	None							
459.000 · Remib. - Proj/Dev. Costs	None							
484.000 · Interest and Penalties	None	\$18,371	\$20,000	\$12,671	\$9,381	\$8,038	\$10,888	\$10,701
480.003 · Reimbursed City expens	None							
Total Other Revenue		\$18,371	\$20,000	\$12,671	\$9,381	\$8,038	\$10,888	\$10,701
Total Operating Revenue		\$1,023,225	\$1,131,582	\$1,279,875	\$1,453,993	\$1,654,896	\$1,888,306	\$1,981,990
<i>% Change from Previous Year</i>		<i>9.7%</i>	<i>10.6%</i>	<i>13.1%</i>	<i>13.6%</i>	<i>13.8%</i>	<i>14.1%</i>	<i>5.0%</i>

¹Additional revenue based on recommended increase

²Additional adjusted if adopted mid-fiscal year

Table 3
City of San Juan Bautista
Existing and Proposed Debt
Sewer Rate Study

Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Existing Debt						
2015 Enterprise Revenue Bonds	\$298,637	\$298,097	\$299,582	\$298,435	\$298,435	\$298,435
2016 General Fund Advance	36,496	36,496	36,496	36,496	36,496	36,496
Total Current Debt Service	\$335,133	\$334,593	\$336,078	\$334,931	\$334,931	\$334,931
Proposed Borrowing						
Net Proceeds Needed					\$6,000,000	
Repayment Term (yrs)					30	
Interest Rate					3.00%	
Month of Issue					1	
Issuance Cost					\$200,000	
Debt Service Reserve						
Total Debt Issue Size					\$6,200,000	
Annual Debt Service Payment (rounded)					\$316,000	
Total Proposed Annual Water Debt	\$0	\$0	\$0	\$0	\$316,000	\$316,000

Table 4
City of San Juan Bautista
Capital Improvement Costs
Sewer Rate Study

Project Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	<i>Actual</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
CIP (Current Dollars)						
Fines RWQCB	\$36,000	\$36,000				
San Juan Canyon Rd Monterey & Alameda State HWY Lift Station Replacement (SJB WWTP)					\$200,000	\$200,000
San Juan Bautista to Hollister *		\$1,000,000	\$8,809,000			
Hollister Connection Fee (No Inflation)*				\$2,547,200		
Collection System Upgrades and Replace	\$3,516					
Total CIP (Current Dollars)	\$39,516	\$1,036,000	\$8,809,000	\$2,547,200	\$200,000	\$200,000
*Should be reduced by connection fee and less expensive easement						
Total CIP (Inflated Dollars)	\$39,516	\$1,067,080	\$9,345,468	\$2,547,200	\$225,102	\$231,855

Table 5
City of San Juan Bautista
Cash Flow Projections
Sewer Rate Study

Operating Cashflow	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Reserves						
<i>Total Reserve Balance</i>	\$1,066,884	\$1,267,111	\$938,128	\$803,833	\$1,088,849	\$1,070,135
Revenue Escalation						
Rate Revenue Increase		14.0%	14.0%	14.0%	14.0%	5.0%
Revenues						
Rate Revenue	\$1,111,582	\$1,111,582	\$1,267,204	\$1,444,612	\$1,646,858	\$1,877,418
Rate Increase Revenue	0	155,622	177,409	202,246	230,560	93,871
Rate Increase Timing Adjustment		-51,874				
Other Revenue	20,000	12,671	9,381	8,038	10,888	10,701
Connection Fee Revenue	\$12,488	\$12,488	\$12,488	\$12,488	\$12,488	\$12,488
<i>Total Revenue</i>	<i>\$1,144,070</i>	<i>\$1,240,489</i>	<i>\$1,466,481</i>	<i>\$1,667,384</i>	<i>\$1,900,794</i>	<i>\$1,994,478</i>
Expenses						
Operating Expenses	\$569,194	\$573,798	\$588,324	\$496,753	\$392,593	\$404,917
Hollister Charges*	0	0	0	312,924	650,882	676,918
Existing Debt Service	335,133	334,593	336,078	334,931	334,931	334,931
New Debt Service	0	0	0	0	316,000	316,000
Rate Funded Capital	\$39,516	\$661,080	\$676,374	\$237,760	\$225,102	\$231,855
<i>Total Expenses</i>	<i>\$943,843</i>	<i>\$1,569,471</i>	<i>\$1,600,776</i>	<i>\$1,382,368</i>	<i>\$1,919,508</i>	<i>\$1,964,620</i>
Net Revenues	\$200,227	-\$328,982	-\$134,295	\$285,016	-\$18,714	\$29,858
Ending Unrestricted Balance	\$1,267,111	\$938,128	\$803,833	\$1,088,849	\$1,070,135	\$1,099,993
Debt Coverage (Target 1.25)	1.72	1.99	2.61	2.56	1.32	1.40
*Hollister charges may change if Hollister performs a new wastewater rate study						
Capital Funding						
	2021	2022	2023	2024	2025	2026
Capital Revenues						
Use of Debt Proceeds		\$200,000	\$4,000,000	\$1,800,000		
Grant Revenue	\$0	\$206,000	\$4,669,094	\$509,440		
Rate Funded Capital	\$39,516	\$661,080	\$676,374	\$237,760	\$225,102	\$231,855
Total Capital Funding	\$39,516	\$1,067,080	\$9,345,468	\$2,547,200	\$225,102	\$231,855
Total Capital Expenditures	\$39,516	\$1,067,080	\$9,345,468	\$2,547,200	\$225,102	\$231,855

Table 6
City of San Juan Bautista
Sewer Flow Estimate
Sewer Rate Study

Estimated Sewer Flow Units	Units	Unit of Measure
<i>Estimated City Population</i>	2,151.00	#
<i>Residential Units</i>	<u>815.00</u>	#
<i>Occupancy</i>	2.64	#
<i>Indoor Water Use per Resident (Sewer Flow)</i>	<u>55.00</u>	Gallons per Day (GPD)
<i>Annual Sewer Flow per Residential Unit</i>	52,983.22	Gallons
<i>Annual Sewer Flow per Residential Unit</i>	52.98	1,000 Gallons
Annual Residential Sewer Flow	43,181.33	1,000 Gallons
FY 2020-21 Commercial Sewer Flow	<u>22,884.99</u>	1,000 Gallons
Total Annual Sewer Flow Estimate	66,066.32	1,000 Gallons

Table 7
City of San Juan Bautista
Sewer Rate Derivation
Sewer Rate Study

Fixed Charge Calculation	Units	Sewer Billed Use ¹	Return Factor ²	Estimated Sewer Flow	Sewer Cost Allocation	Revenue Requirement
Residential	815	43,181.33	1	43,181.33	73.80%	\$935,148
Commercial	77	22,884.99	0.67	15,332.95	26.20%	\$332,055
Total	892	66,066.32		58,514.27		\$1,267,204

1: Residential billed use based on estimated indoor consumption and Commercial billed use is based on metered water use

2: Commercial return factor based on annual winter use as a percent of total water demand

Commercial Volumetric Rate

Derivation	Units	Unit of Measure
Total Sewer Flow	22,884.99	1,000 Gallons
Revenue Requirement	\$332,055.16	\$
Sewer Volumetric Unit Rate	\$14.51	\$ per 1,000 gallons

Residential Fixed

Rate Derivation	Units	Unit of Measure
Residential Units	815.00	Unit
Revenue Requirement	\$935,148.50	\$
Total Monthly Fixed Charge	\$95.62	\$ per Unit per Month