



DATE: March 15th, 2023
TO: City of Foster City/Estero Municipal Improvement District
FROM: Bartle Wells Associates
SUBJECT: Water and Wastewater Rate Study Update Results

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Introduction and Background

The Estero Municipal Improvement District (District) engaged Bartle Wells Associates (BWA) to develop 10-year financial projections for the District's Water and Wastewater Enterprises and to recommend water and wastewater rate adjustments for the next five-year period. BWA last conducted formal rate studies in 2022, which resulted in a one-year rate approval for water rates for FY 2023. No public hearing was held for wastewater, as the adopted wastewater rates were determined to be adequate.

Current and projected water service rates are in the lower range compared to other agencies on the Peninsula and wastewater service rates are in the middle-high range compared to other agencies on the Peninsula. The District water and wastewater enterprises face unique infrastructure funding challenges.

Water

The primary driver for the proposed rate increases is to smooth District rate increases due to projected increases in the San Francisco Public Utilities Commission (SFPUC) wholesale water rate. The rate increase is due to a variety of factors including growth in capital spending, continued low water usage due to drought and covid-19 recovery, and repayment of the balancing account.

SFPUC, the sole source of water supply for the District, released updated projections for their wholesale rate for the next five years (FY 2024 to FY 2028). SFPUC is projecting the current rate of \$4.75 in FY 2023 per hundred cubic feet (ccf) will increase to \$5.30 in FY 2024. The wholesale rate is projected to remain flat at \$5.30 per ccf from FY 2024 to FY 2027, with a final increase to \$5.54 in FY 2028.

SFPUC rates were historically held level at \$4.10/ccf for six years (FY 2017 to FY 2022) despite escalating SFPUC debt service and operating costs through use of a balancing account. The balancing account was built up from SFPUC wholesale water sales exceeding projections used in rate setting. In FY 2023, the wholesale rate was increased 15.9% to \$4.75/ccf. The increase in the SFPUC wholesale rates was due to the balancing account fund balance reaching zero. SFPUC rates are projected to increase by 11.6% in FY 2024, 0% in FY 2025, 0% in FY 2026, and 0% in FY 2027 and 4.5% in FY 2028.

During the time that SFPUC wholesale rates were held flat by the balancing account, the District has been gradually increasing its volumetric rates in anticipation of projected wholesale rate increases by SFPUC. While the wholesale rate increases have come to fruition, the District's rates have been phased to ensure sufficient revenues and avoid sharp increases based on a rate smoothing model.

The District will also continue to make annual payments, projected to be \$594,012 in FY 2024, to the Bay Area Water Supply and Conservation Agency (BAWSCA) for the WSIP capital improvements that were funded through the issuance of bonds. The water enterprise's single largest cost is water purchases from SFPUC.

BWA proposed water rates are designed to maintain the operating fund above target levels (90 days operating expenses in reserves) and cover District operating and capital costs. Excluding water purchase and capital related costs, District operating costs are projected to increase by about 3% per year. Additionally, the District is projected to set aside \$2,500,000 for capital improvements in FY 2024 and \$1,120,000 each year thereafter. The capital improvement transfer amount is based on funding the District's water master plan. Proposed water rates are based on 10% water loss, a reduction from 11% water loss used in the previous study. The amount of the losses is projected to decrease due to the District's efforts to replace aging meters. That is, 90% of the water EMID purchases is sold to retail customers.

To maintain the operating reserves, fund the capital set aside, and phase in volumetric rates, BWA recommends the District implement a 4.3% volumetric rate increase and a 6% meter charge increase in FY 2024. The average bill for a single family home would increase by 4.8% or \$3.63 per month.

Detailed water rate calculations are shown in APPENDIX C.

Wastewater

The District has entered into a Joint Powers Agreement with the City of San Mateo where the District receives treatment of its wastewater via the San Mateo Wastewater Treatment Plant (WWTP). The District is responsible for its share of operating and maintenance costs that San Mateo (as the lead agency and the contracting party) incurs treating the District's wastewater, as well as approximately 24% of the WWTP improvement costs incurred as part of the Clean Water Program (CWP), a 10-year comprehensive capital improvement project initiated in 2014. The Cities of San Mateo and Foster City (District) are expanding the jointly owned WWTP at an estimated cost of \$670 MM with \$152 MM of that falling under Foster City's contributions. This is in addition to local capital projects for the District's own wastewater collection system. The wastewater enterprise intends to fund collection system capital expenditures through annual transfers from the operating fund to the capital improvement fund.

In June 2020, to fund the anticipated costs of the WWTP CWP improvements, the District Board approved 5 years of wastewater rate increases: three 14.25% per increases in FY 2021 through FY 2023, a 10% wastewater rate increase in FY 2024, and a 2% increase in FY 2025. BWA's 2023 analysis shows that the District has adequate financing capacity for projected debt issuances in the next several years and recommends spreading the remaining rate increases out over a longer period. BWA proposes reducing the 10% increase in FY 2024 to 3% and implementing the adopted 2% increase in FY 2025. BWA recommends conducting a 5-year rate study analysis in FY 2025, which would result in an adopted rate schedule for next 5 year period.

Detailed wastewater rate calculations are shown in APPENDIX E.

Rate Surveys

A survey of communities along the San Francisco Peninsula was conducted to compare the District's typical residential monthly water and wastewater bills with neighboring communities. The results of the water survey are summarized in APPENDIX B and the results of the wastewater survey are summarized in APPENDIX D.

The water survey compares a median monthly water bill for 6 units of water which would be a common residential consumption. Including the recommended increase, the

District's median monthly water bill proposed for FY 2024 is \$65.76. Since it is unknown what the comparator agencies are proposing for FY 2024, the District compares its FY 2023 monthly residential water bills to the FY 2023 monthly residential water bills for the neighboring agencies. The survey indicates that the District's water rates are among the lowest on the Peninsula. The average monthly water bill for the region based on 6 ccf is \$83.35 per month and the District's average monthly residential water bill is \$62.65 per month, or about 25% less. Since the proposed increase is also less than the FY 2023 average, it is likely that EMID customers will continue to pay much lower than average water bills.

Including the recommended increase, the District's proposed monthly wastewater bill for FY 2024 is \$130.87. Since it is unknown what the comparator agencies are proposing for FY 2024, the District compares its FY 2023 monthly residential wastewater bills to the FY 2023 monthly residential wastewater bills for the neighboring agencies. The survey indicates that the District's current wastewater rates are above the average amongst its comparator agencies. The average monthly bill for the region is \$106.09 and the District's rate is \$127.06 per month, or about 20% more.

APPENDIX F shows how the combined water and wastewater bills compare to regional agencies based on FY 2023 rates. The District's total combined water and wastewater bill is \$189.71 per month. The average monthly combined water and wastewater bill for the region is \$189.63 per month or approximately the same.

Water Enterprise Fund

The District currently provides water service to a population of approximately 36,500. Most of the District’s customers are residential. Table 1 shows the approximately 8,247 accounts/meters that allow for water service and fire protection service.

Table 1
City of Foster City / Estero Municipal Improvement District
Water Meters By Size

Data as of: 01/29/23

Meter Size	Accounts	Meter Ratio ^{1,2}	Est. Meter Equivalents ³
Water Service			
3/4"	6,825	1.00	6,825
1"	453	1.67	755
1-1/2"	169	4.00	676
2"	379	5.33	2,021
3"	89	11.67	1,038
4"	57	21.00	1,197
6"	29	46.67	1,353
8" or greater	<u>19</u>	80.00	<u>1,520</u>
Subtotal	8,020		15,385
Private Fire Protection Service			
3/4"	1	1.40	1
1"	7	1.40	10
1-1/2"	3	1.40	4
2"	0	1.87	0
3"	2	4.08	8
4"	35	7.35	257
6"	96	16.33	1,568
8" or greater	<u>83</u>	28.00	<u>2,324</u>
Subtotal	227		4,172
Total	8,247		19,557

Source: Foster City/Estero Municipal Improvement District water use records

[1] The meter ratios shall be based on meter size in compliance with ratios established by the American Water Works Association (AWWA) Sizing Water Service Lines and Meters M22, Second Edition, 2004 (M22 Manual)

[2] Private fire protection service ratio based on the fire service line; Resolution No. 2715

[3] Equals the number of accounts multiplied by the meter ratio for each meter size.

Table 2 illustrates the current reserves that the District can draw down in case of emergency or to smooth any “rate shocks” to its customers. In recent years reserves were used as a buffer due to unexpected increases in system water losses.

The District is meeting its 90-day operating fund reserve target in FY 2023 (estimated to be \$4.18 million.) The target is based on the District’s long standing reserve policy and is an industry standard minimum target to maintain adequate short term liquidity in case of emergencies.

Table 2
 City of Foster City / Estero Municipal Improvement District
 Water Enterprise Operating Reserves

Fund Reserve Component	July 1, 2022
	Reserve Balance
Reserved for Maintenance & Operation (401)	<u>\$8,761,676</u>
Total	\$8,761,676

Note: Rate model only includes fund reserve components available to fund ongoing operating expenditures.

Source: City of Foster City/Estero Municipal Improvement District Staff

The wholesale water purchase rates that SFPUC is projecting through FY 2028 are shown graphically in CHART A. The SFPUC rates are projected to increase from \$4.75/ccf in FY 2023 to \$5.54/ccf in FY 2028.

CHART A

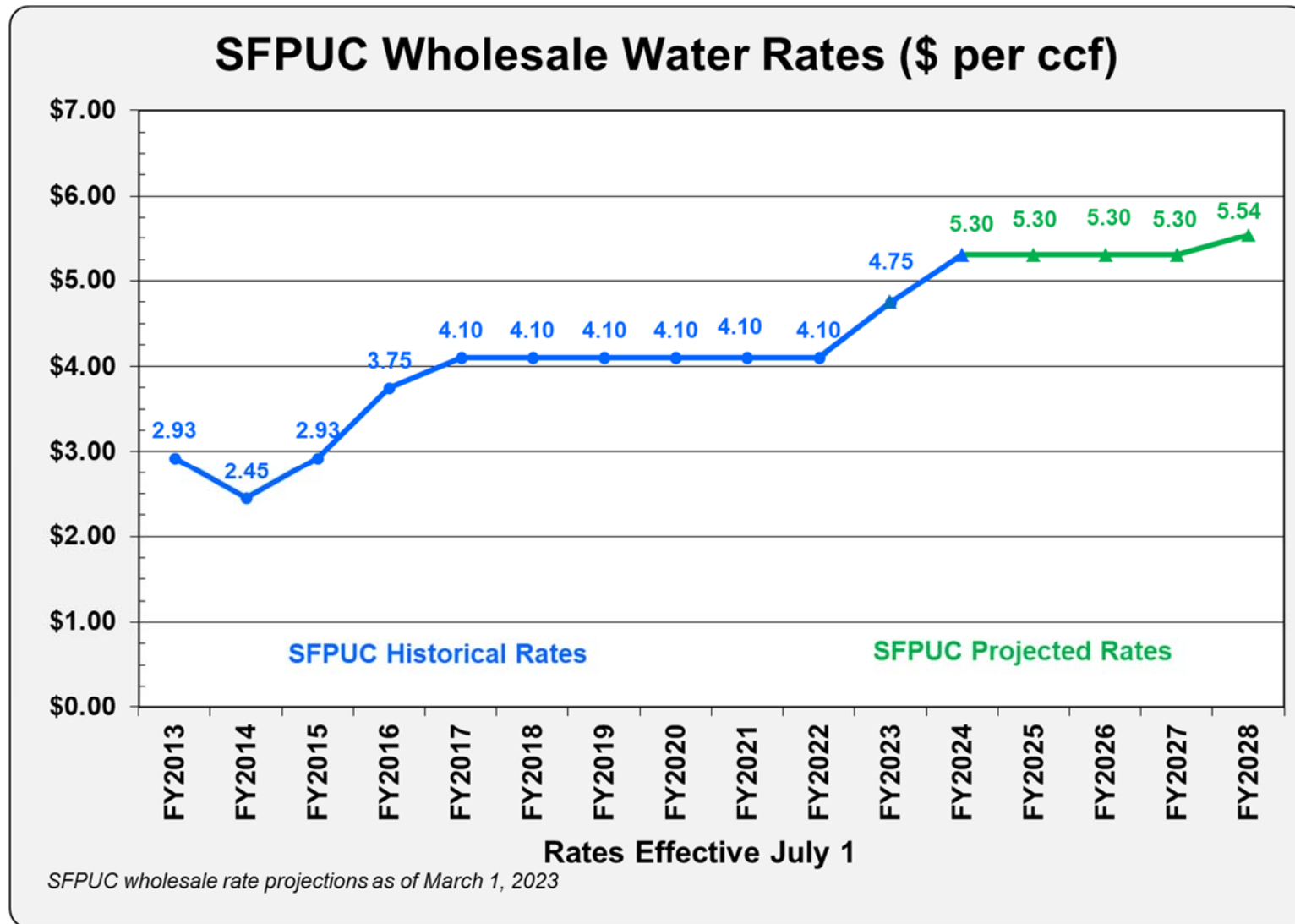


Table 3 summarizes the District’s projected operating expenditures which are anticipated to increase over the next five years by about 8.9%.

Table 3
 City of Foster City / Estero Municipal Improvement District
 Water Enterprise O&M Projection

Expenditures	Revised Budget	Five Year Projection					Annual % Increase [1]
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
Employee Services	2,631,141	2,591,329	2,694,982	2,802,781	2,914,893	3,031,488	4.0%
Internal Services - Others	952,510	1,010,581	1,035,846	1,061,742	1,088,285	1,115,492	2.5%
Internal Services - ERF	510,436	510,436	523,197	536,277	549,684	563,426	2.5%
Services & Supplies	706,362	750,362	769,121	788,349	808,058	828,259	2.5%
SFPUC Water Purchases	10,246,000	10,289,000	10,326,000	10,363,000	10,400,000	10,907,000	varies
BAWSCA Bond Repayment	645,785	594,012	594,012	594,012	594,012	594,012	
Reallocation [2]	1,255,133	1,288,230	1,320,436	1,353,447	1,387,283	1,421,965	2.5%
Water Sustainability	200,000	200,000	200,000	200,000	200,000	200,000	
Capital Outlay/Vehicles	5,500	600,000	15,000	15,375	15,759	16,153	2.5%
TOTAL O&M Expenditures	17,152,867	17,833,950	17,478,593	17,714,983	17,957,974	18,677,796	
		4.0%	-2.0%	1.4%	1.4%	4.0%	

[1] Based on City/District Staff direction

[2] Costs allocated to the Water Enterprise from other departments based on the City's cost allocation study.

Table 4 summarizes the current water rates. The District has variable expenditures which are expenditures that are impacted by the amount of water its customers consume. These costs must be recouped via its volumetric water charge, \$6.10 per ccf in FY 2023. Likewise, the District's meter charges recover fixed expenditures, expenditures that are fixed regardless of amount of water that is consumed, \$26.05 for a ¾" meter in FY 2023.

The District has a two-tiered model for its residential customers where higher levels of water consumption are subject to higher water rates based on a proportionate share of conservation program costs. Commercial customers are charged a uniform rate, which includes commercial customer's proportionate share of conservation program costs.

Conservation costs of \$200,000 per year are allocated to each customer class based on their percentage of total usage. Residential and irrigation customers pay conservation costs on Tier 2 usage only, while commercial customers pay their share of conservation costs on each unit of water usage.

For its irrigation customers, the District has worked with John Whitcomb of Waterfluence to assign each irrigation customer a water budget. Any water consumed above the irrigation customers allotted amount is subject to a higher Tier 2 rate based on each customer's share of conservation program costs.

APPENDIX A shows the District's historical water use trends from the prior year. The recent trend has been a decrease in irrigation usage and residential usage, and an increase in commercial usage. BWA's proposed rates are designed to match volumetric expenses (such as water purchases) with volumetric revenue. The rate structure mitigates over or under collecting revenue due to fluctuations in water use.

Table 4
 City of Foster City / Estero Municipal Improvement District
 Current Rates

Current Rates	2023
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Fixed Meter Charge

Monthly Meter Charge

<u>Meter Size</u>	
3/4"	\$26.05
1"	\$43.42
1-1/2"	\$104.20
2"	\$138.93
3"	\$303.92
4"	\$547.05
6"	\$1,215.67
8" or greater	\$2,084.00

Bi-Monthly Water Consumption Tiers and Rates

<u>Single Family Residential</u>		
Tier 1	0-20 per ccf	\$6.10
Tier 2	Over 20 ccf	\$6.64

<u>Multi-Family Residential</u>		
Tier 1	0-10 ccf per living unit	\$6.10
Tier 2	Over 10 ccf per living unit	\$6.68

<u>Irrigation Customers</u>		
Tier 1	<=100% of annual budget	\$6.10
Tier 2	>100% of annual budget	\$6.70

<u>Commercial and Fire Line</u>		
All usage		\$6.21

Monthly Private Fire Protection Charge

<u>Meter Size</u>	
3/4"	\$36.47
1"	\$36.47
1-1/2"	\$36.47
2"	\$48.71
3"	\$106.28
4"	\$191.47
6"	\$425.40
8" or greater	\$729.40

Low Income Discount

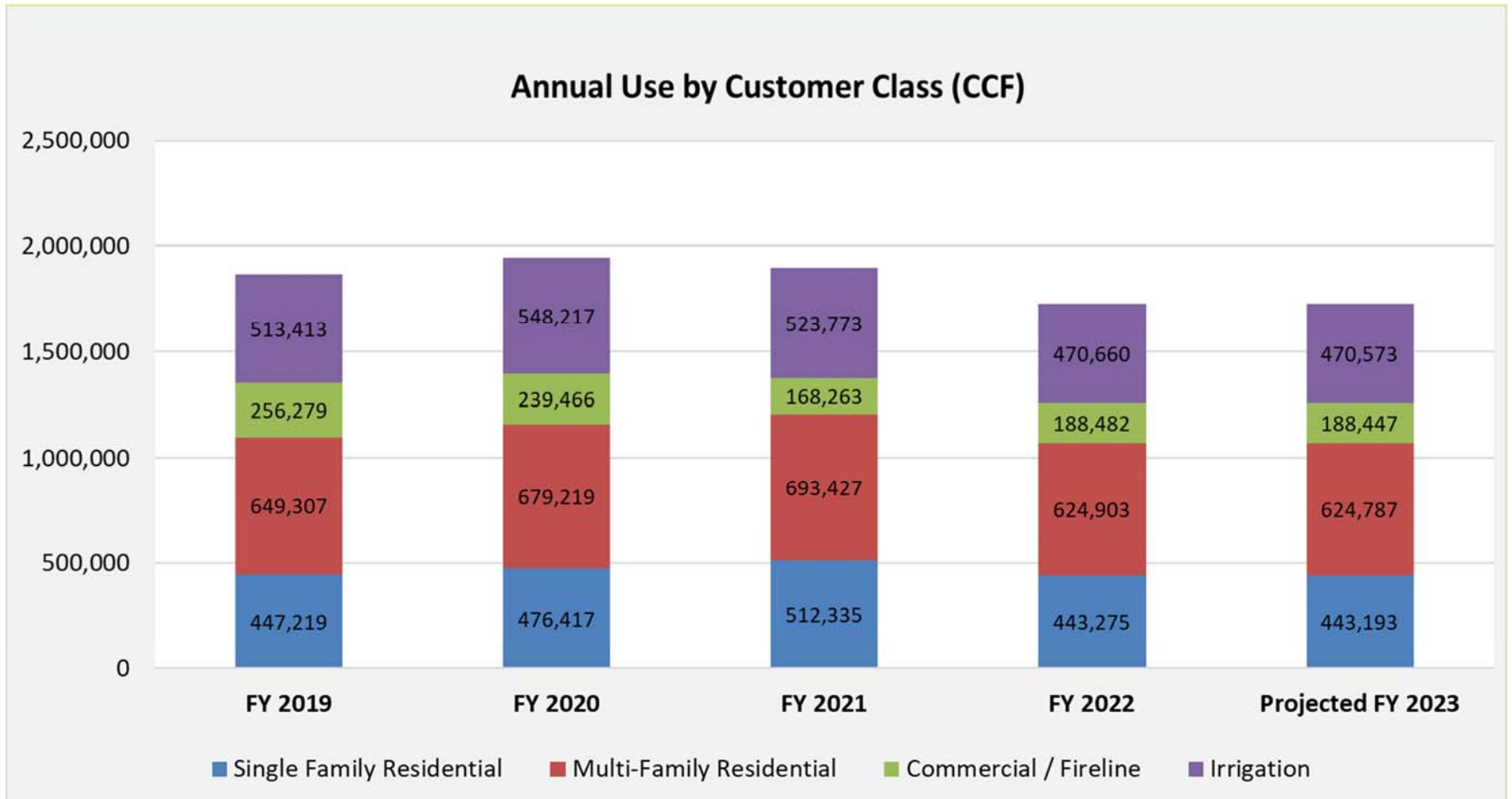
Currently Foster City has 13 customers enrolled in the Water/Wastewater Rate Assistance Program (WWRAP), which was implemented in 2020. Customers meeting the eligibility and qualification requirements below are granted a discount of up to \$15 per month each on their qualifying Water and Wastewater accounts, not to exceed a \$30 per month discount per customer. To be eligible for the WWRAP, customers must show that they qualify for the PG&E CARE Program or other public assistance program or submit proof of income eligibility.

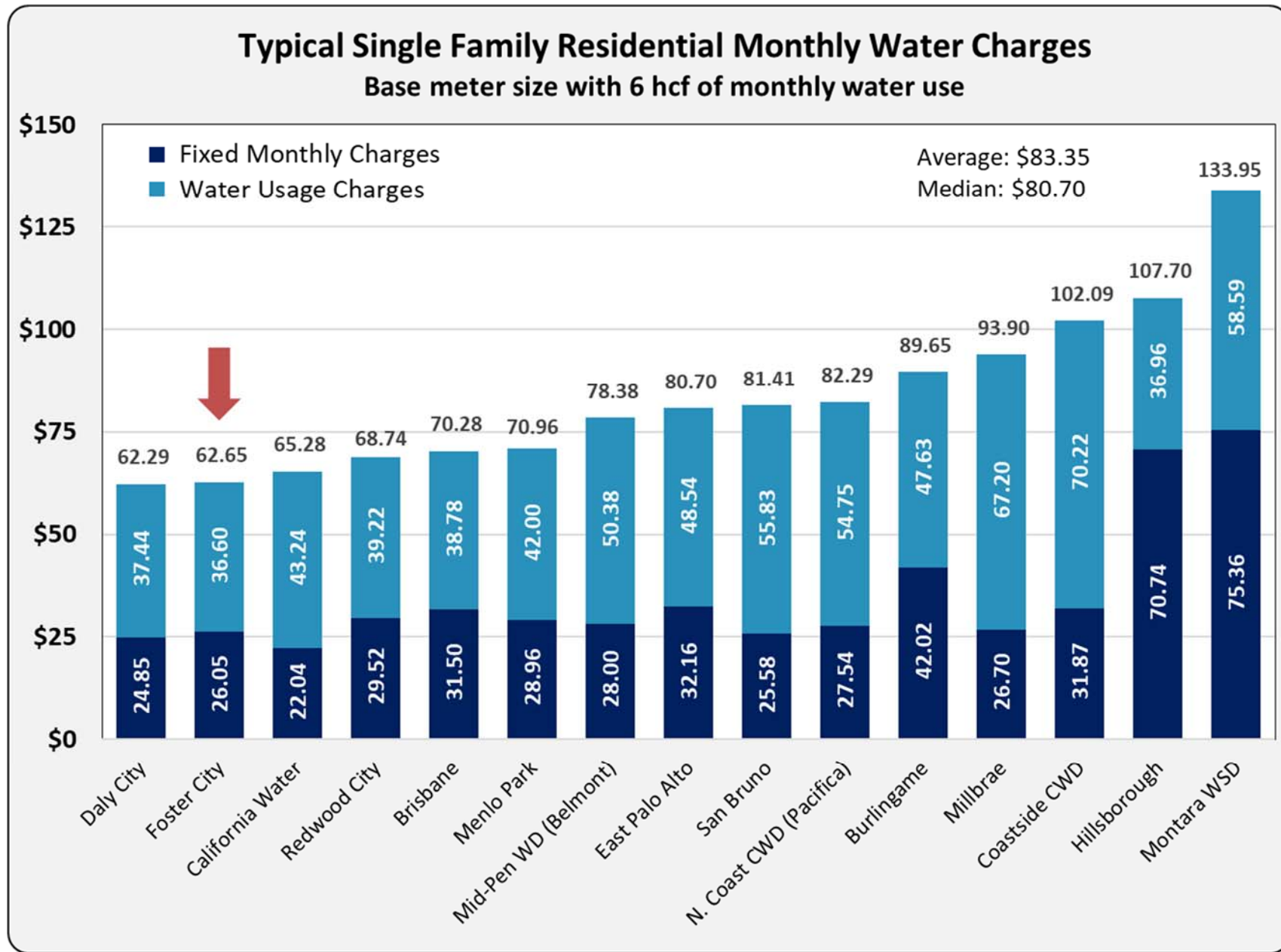
According to Pacific Gas & Electric, 680 customers are enrolled in the PG&E CARE Program in Foster City. BWA estimates that approximately 227 of these customers are single family residential and therefore would be eligible for the discount. Multifamily units would not be eligible for the discount because water service is often not separately metered for each unit and the bill is typically not paid by the individual units.

The District funds the current low income discount through non-rate sources of revenue such as fines and penalties, cell tower lease and general fund revenue to maintain compliance with California Proposition 218.

The estimated maximum potential cost of a \$30/month discount for 227 customers amounts to \$82,000 per year. Since the low income discount revenue sources cannot be funded with rates, rates are unaffected by the decision on the terms of the program and hence are not required to be included in the Proposition 218 notification.

APPENDIX A





APPENDIX C

Table 1
 City of Foster City / Estero Municipal Improvement District
 Water Enterprise Cash Flow Projection - Residential Two Tier Rate Structure Hybrid Model

Fiscal Year Ending June 30	Five Year Projection						Extended Year Projection				
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assumptions:											
Interest Earnings Rate	0.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Revenue Increase from Growth [1]	0.00%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%
Fixed Charge	\$26.05	\$27.60	\$29.25	\$31.00	\$32.85	\$34.80	\$36.20	\$37.65	\$39.15	\$40.70	\$42.35
Fixed Rate Adjustment		6.0%	6.0%	6.0%	6.0%	5.9%	4.0%	4.0%	4.0%	4.0%	4.1%
SFR Variable Charge	\$6.10	\$6.36	\$6.62	\$6.89	\$7.18	\$7.48	\$7.53	\$7.59	\$7.65	\$7.70	\$7.74
Variable Rate Adjustment		4.3%	4.1%	4.1%	4.2%	4.2%	0.7%	0.8%	0.8%	0.7%	0.5%
Monthly Service Charge Single Family (8 ccf)	\$74.85	\$78.48	\$82.21	\$86.12	\$90.29	\$94.64	\$96.44	\$98.37	\$100.35	\$102.30	\$104.27
Rate Adjustment		4.8%	4.8%	4.8%	4.8%	4.8%	1.9%	2.0%	2.0%	1.9%	1.9%
Beginning Fund Balance	\$8,761,676	\$6,329,000	\$5,275,100	\$5,477,500	\$6,406,500	\$8,137,500	\$10,256,700	\$12,327,700	\$14,363,700	\$16,371,700	\$18,313,700
Revenues											
Water Sales & Service Charges											
<i>Meter Charge Revenue Estimate</i>	6,114,000	6,501,000	6,915,000	7,356,000	7,823,000	8,318,000	8,684,000	9,065,000	9,460,000	9,871,000	10,309,000
<i>Volumetric Revenue Estimate</i>	10,725,000	11,222,000	11,730,000	12,248,000	12,808,000	13,386,000	13,515,000	13,660,000	13,820,000	13,947,000	14,059,000
Connection Fees [1]	336,949	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest Earnings - Operating Reserve [2]	44,000	127,000	106,000	110,000	128,000	163,000	205,000	247,000	287,000	327,000	366,000
Other	0	0	0	0	0	0	0	0	0	0	0
Operating Revenues	17,219,949	17,900,000	18,801,000	19,764,000	20,809,000	21,917,000	22,454,000	23,022,000	23,617,000	24,195,000	24,784,000
Expenses											
Employee Services	2,631,141	2,591,329	2,694,982	2,802,781	2,914,893	3,031,488	3,153,000	3,279,000	3,410,000	3,546,000	3,688,000
Internal Services - Others	952,510	1,010,581	1,035,846	1,061,742	1,088,285	1,115,492	1,143,000	1,172,000	1,201,000	1,231,000	1,262,000
Internal Services - ERF	510,436	510,436	523,197	536,277	549,684	563,426	578,000	592,000	607,000	622,000	638,000
Services & Supplies	706,362	750,362	769,121	788,349	808,058	828,259	849,000	870,000	892,000	914,000	937,000
SFPUC Water Purchases	10,246,000	10,289,000	10,326,000	10,363,000	10,400,000	10,907,000	11,271,000	11,648,000	12,037,000	12,440,000	12,855,000
BAWSCA Bond Repayment	645,785	594,012	594,012	594,012	594,012	594,012	594,012	594,012	594,012	594,012	594,012
Reallocation	1,255,133	1,288,230	1,320,436	1,353,447	1,387,283	1,421,965	1,458,000	1,494,000	1,531,000	1,569,000	1,608,000
Capital Outlay / Vehicles	5,500	600,000	15,000	15,375	15,759	16,153	17,000	17,000	17,000	17,000	17,000
Operating Expenses	16,952,867	17,633,950	17,278,593	17,514,983	17,757,974	18,477,796	19,063,012	19,666,012	20,289,012	20,933,012	21,599,012
Operating Net Revenues	267,082	266,050	1,522,407	2,249,017	3,051,026	3,439,204	3,390,988	3,355,988	3,327,988	3,261,988	3,184,988
Water Sustainability Fund Transfer	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Improvement Transfer [3]	2,500,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Total Expenses	19,652,867	18,953,950	18,598,593	18,834,983	19,077,974	19,797,796	20,383,012	20,986,012	21,609,012	22,253,012	22,919,012
Revenues Less O&M Expenses	267,082	266,050	1,522,407	2,249,017	3,051,026	3,439,204	3,390,988	3,355,988	3,327,988	3,261,988	3,184,988
Revenues Less Total Expenses	(2,432,918)	(1,053,950)	202,407	929,017	1,731,026	2,119,204	2,070,988	2,035,988	2,007,988	1,941,988	1,864,988
Ending Fund Balance	6,328,758	5,275,050	5,477,507	6,406,517	8,137,526	10,256,704	12,327,688	14,363,688	16,371,688	18,313,688	20,178,688
Revenue Test: Annual Revenues > O&M Expenses											
Annual Revenues Less O&M Expenses	267,082	266,050	1,522,407	2,249,017	3,051,026	3,439,204	3,390,988	3,355,988	3,327,988	3,261,988	3,184,988
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses											
Year-end fund balance	6,328,758	5,275,050	5,477,507	6,406,517	8,137,526	10,256,704	12,327,688	14,363,688	16,371,688	18,313,688	20,178,688
25% operating expenses	4,180,000	4,350,000	4,260,000	4,320,000	4,380,000	4,560,000	4,700,000	4,850,000	5,000,000	5,160,000	5,330,000
# of Days O&M in Reserves	136	109	116	134	167	203	236	267	295	319	341
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

[1] Estimated for planning purposes

[2] Calculated as 2% of the Beginning Fund Balance of the Water Revenue Fund

[3] Capital Improvements are funded through the Long-Term Capital Improvement Project Fund

Table 2
City of Foster City / Estero Municipal Improvement District
Water Rate Calculation - Two Tier Hybrid Model

Fiscal Year Ending June 30	Five Year Projection						Extended Year Projection				
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Fixed Meter Charge Increase		6.00%	6.00%	6.00%	6.00%	6.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Fixed Revenues +/- 5% of Fixed Costs?		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Reserves % Above (Below) Reserve Target Reserve Target Met?		121.3%	128.6%	148.3%	185.8%	224.9%	262.3%	296.2%	327.4%	354.9%	378.6%
		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Revenue Estimates											
Meter Charge Revenue	\$ 6,114,000	\$ 6,501,000	\$ 6,915,000	\$ 7,356,000	\$ 7,823,000	\$ 8,318,000	\$ 8,684,000	\$ 9,065,000	\$ 9,460,000	\$ 9,871,000	\$ 10,309,000
Other Fixed Revenue	\$ 380,949	\$ 177,000	\$ 156,000	\$ 160,000	\$ 178,000	\$ 213,000	\$ 255,000	\$ 297,000	\$ 337,000	\$ 377,000	\$ 416,000
Volumetric Revenue	\$ 10,725,000	\$ 11,213,000	\$ 11,728,000	\$ 12,239,000	\$ 12,807,000	\$ 13,386,000	\$ 13,520,000	\$ 13,654,000	\$ 13,833,000	\$ 13,951,000	\$ 14,052,000
Total Projected	\$ 17,219,949	\$ 17,891,000	\$ 18,799,000	\$ 19,755,000	\$ 20,808,000	\$ 21,917,000	\$ 22,459,000	\$ 23,016,000	\$ 23,630,000	\$ 24,199,000	\$ 24,777,000
Total Projected Revenue (Rounded '000's)	\$ 17,220,000	\$ 17,891,000	\$ 18,799,000	\$ 19,755,000	\$ 20,808,000	\$ 21,917,000	\$ 22,459,000	\$ 23,016,000	\$ 23,630,000	\$ 24,199,000	\$ 24,777,000
	\$17,219,949	\$17,900,000	\$18,801,000	\$19,764,000	\$20,809,000	\$21,917,000	\$22,454,000	\$23,022,000	\$23,617,000	\$24,195,000	\$24,784,000
Revenue Allocation											
Fixed	37.7%	37.3%	37.6%	38.0%	38.5%	38.9%	39.8%	40.7%	41.5%	42.3%	43.3%
Variable	62.3%	62.7%	62.4%	62.0%	61.5%	61.1%	60.2%	59.3%	58.5%	57.7%	56.7%
Costs Estimates											
Fixed Costs [1]	\$8,561,082	\$7,870,938	\$7,478,581	\$7,677,971	\$7,883,962	\$8,096,784	\$8,318,000	\$8,544,000	\$8,778,000	\$9,019,000	\$9,270,000
Variable Costs [2]	\$11,091,785	\$11,083,012	\$11,120,012	\$11,157,012	\$11,194,012	\$11,701,012	\$12,065,012	\$12,442,012	\$12,831,012	\$13,234,012	\$13,649,012
Total Projected Costs	\$19,652,867	\$18,953,950	\$18,598,593	\$18,834,983	\$19,077,974	\$19,797,796	\$20,383,012	\$20,986,012	\$21,609,012	\$22,253,012	\$22,919,012
Net Revenue											
Fixed Charges	-\$2,066,133	-\$1,192,938	-\$407,581	-\$161,971	\$117,038	\$434,216	\$621,000	\$818,000	\$1,019,000	\$1,229,000	\$1,455,000
Volumetric Charges	<u>\$366,785</u>	<u>\$129,988</u>	<u>\$607,988</u>	<u>\$1,081,988</u>	<u>\$1,612,988</u>	<u>\$1,684,988</u>	<u>\$1,454,988</u>	<u>\$1,211,988</u>	<u>\$1,001,988</u>	<u>\$716,988</u>	<u>\$402,988</u>
Total	-\$2,432,918	-\$1,062,950	\$200,407	\$920,017	\$1,730,026	\$2,119,204	\$2,075,988	\$2,029,988	\$2,020,988	\$1,945,988	\$1,857,988
Cost Analysis											
Fixed	43.6%	41.5%	40.2%	40.8%	41.3%	40.9%	40.8%	40.7%	40.6%	40.5%	40.4%
Variable	56.4%	58.5%	59.8%	59.2%	58.7%	59.1%	59.2%	59.3%	59.4%	59.5%	59.6%
Meter Charge Calculation											
Monthly charge per meter equivalent (Rounded to nearest \$0.05)	\$ 26.05	\$ 27.60	\$ 29.25	\$ 31.00	\$ 32.85	\$ 34.80	\$ 36.20	\$ 37.65	\$ 39.15	\$ 40.70	\$ 42.35
Annual charge per meter equivalent	\$ 312.60	\$ 331.20	\$ 351.00	\$ 372.00	\$ 394.20	\$ 417.60	\$ 434.40	\$ 451.80	\$ 469.80	\$ 488.40	\$ 508.20
Meter equivalents [3]	19,557	19,629	19,701	19,773	19,845	19,918	19,991	20,064	20,137	20,211	20,285
Meter Charge Revenue Estimate	\$ 6,114,000	\$ 6,501,000	\$ 6,915,000	\$ 7,356,000	\$ 7,823,000	\$ 8,318,000	\$ 8,684,000	\$ 9,065,000	\$ 9,460,000	\$ 9,871,000	\$ 10,309,000
Volumetric Rate Calculation											
EMID Proposed Uniform Rate	\$6.21	\$ 6.47	\$ 6.74	\$ 7.01	\$ 7.31	\$ 7.61	\$ 7.66	\$ 7.71	\$ 7.78	\$ 7.82	\$ 7.85
Projected annual water sales (ccf) [4]	1,727,000	1,733,000	1,740,000	1,746,000	1,752,000	1,759,000	1,765,000	1,771,000	1,778,000	1,784,000	1,790,000
Variable revenue estimate	\$10,725,000	\$11,213,000	\$11,728,000	\$12,239,000	\$12,807,000	\$13,386,000	\$13,520,000	\$13,654,000	\$13,833,000	\$13,951,000	\$14,052,000
% Spread between EMID and SFPUC Surcharge	30.7%	22.1%	27.2%	32.3%	37.9%	37.4%	34.2%	31.2%	28.5%	25.4%	22.2%
SFPUC PROJECTED RATES	\$4.75	\$5.30	\$5.30	\$5.30	\$5.30	\$5.54	\$5.71	\$5.88	\$6.05	\$6.24	\$6.42
Increase (Decrease) %		11.6%	0.0%	0.0%	0.0%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%
BAWSCA Surcharge	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31	\$0.31
SFPUC Rate + BAWSCA Surcharge	\$5.06	\$5.61	\$5.61	\$5.61	\$5.61	\$5.85	\$6.02	\$6.19	\$6.36	\$6.55	\$6.73
EMID Fixed Meter Charge Increase (Decrease)		6.0%	6.0%	6.0%	6.0%	5.9%	4.0%	4.0%	4.0%	4.0%	4.1%
EMID Volumetric Rate Increase (Decrease)		4.2%	4.2%	4.0%	4.3%	4.1%	0.7%	0.7%	0.9%	0.5%	0.4%

Note:
[1] Includes: Employee Services, Internal Services - Other, Internal Services - ERF, Services & Supplies, Reallocation, Capital Outlay, Capital Improvement Fund Transfers, Debt Service, and net revenues for the operating fund.
[2] Includes: SFPUC Water Purchases, BAWSCA Bond Repayment, and Water Sustainability Fund Transfers.
[3] 0.37% growth estimated for planning purposes
[4] Includes 10% water loss factor

Table 3
 City of Foster City / Estero Municipal Improvement District
 Proposed Water Rates - Two Tier Hybrid Model

TWO TIER HYBRID MODEL

Recommended Rates	Current Rates	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
Monthly Meter Charge											
3/4"	\$26.05	\$27.60	\$29.25	\$31.00	\$32.85	\$34.80	\$36.20	\$37.65	\$39.15	\$40.70	\$42.35
1"	43.42	46.00	48.75	51.67	54.75	58.00	60.33	62.75	65.25	67.83	70.58
1-1/2"	104.20	110.40	117.00	124.00	131.40	139.20	144.80	150.60	156.60	162.80	169.40
2"	138.93	147.20	156.00	165.33	175.20	185.60	193.07	200.80	208.80	217.07	225.87
3"	303.92	322.00	341.25	361.67	383.25	406.00	422.33	439.25	456.75	474.83	494.08
4"	547.05	579.60	614.25	651.00	689.85	730.80	760.20	790.65	822.15	854.70	889.35
6"	1,215.67	1,288.00	1,365.00	1,446.67	1,533.00	1,624.00	1,689.33	1,757.00	1,827.00	1,899.33	1,976.33
8" or greater	2,084.00	2,208.00	2,340.00	2,480.00	2,628.00	2,784.00	2,896.00	3,012.00	3,132.00	3,256.00	3,388.00
Conservation-Based Water Rate Model (based on bi-monthly allotments)											
Single Family Residential											
Tier 1 0-20 per ccf	6.10	6.36	6.62	6.89	7.18	7.48	7.53	7.59	7.65	7.70	7.74
Tier 2 Over 20 ccf	6.64	7.01	7.30	7.59	7.91	8.21	8.24	8.28	8.33	8.36	8.38
Multi-Family Residential (per living unit)											
Tier 1 0-10 ccf per living unit	6.10	6.36	6.62	6.89	7.18	7.48	7.53	7.59	7.65	7.70	7.74
Tier 2 Over 10 ccf per living unit	6.68	7.09	7.38	7.68	8.00	8.30	8.33	8.37	8.42	8.44	8.46
Irrigation Customers											
Tier 1 <=100% of annual budget	6.10	6.36	6.62	6.89	7.18	7.48	7.53	7.59	7.65	7.70	7.74
Tier 2 >100% of annual budget	6.70	7.22	7.52	7.82	8.14	8.44	8.47	8.50	8.55	8.57	8.59
Commercial and Fire Line Customers											
Base Consumption Rate	6.21	6.47	6.74	7.01	7.31	7.61	7.66	7.71	7.78	7.82	7.85
Monthly Fire Meter Charge											
3/4"	36.47	38.64	40.95	43.40	45.99	48.72	50.68	52.71	54.81	56.98	59.29
1"	36.47	38.64	40.95	43.40	45.99	48.72	50.68	52.71	54.81	56.98	59.29
1-1/2"	36.47	38.64	40.95	43.40	45.99	48.72	50.68	52.71	54.81	56.98	59.29
2"	48.71	51.61	54.70	57.97	61.43	65.08	67.69	70.41	73.21	76.11	79.19
3"	106.28	112.61	119.34	126.48	134.03	141.98	147.70	153.61	159.73	166.06	172.79
4"	191.47	202.86	214.99	227.85	241.45	255.78	266.07	276.73	287.75	299.15	311.27
6"	425.40	450.71	477.65	506.23	536.44	568.28	591.15	614.82	639.32	664.63	691.58
8" or greater	729.40	772.80	819.00	868.00	919.80	974.40	1,013.60	1,054.20	1,096.20	1,139.60	1,185.80
(Minimum charge is equivalent to 1-1/2" meter charge)											

Table 4
 Foster City / Estero Municipal Improvement District
 Projected Water Rate Impacts

		Current	FY2024
		Rates	Two Tier Hybrid Model
Monthly meter charge		\$26.05	\$27.60
% Change			6.0%
Single Family Residential			
Bi-Monthly Tiers			
Tier 1: 0 to 20 ccf		\$6.10	\$6.36
Tier 2: over 20 ccf		\$6.64	\$7.01
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>		<u>Monthly Bill</u>
Low User	5	\$56.55	\$59.40
<i>\$ Increase</i>			2.85
<i>% Increase</i>			5.0%
Median User	6	\$62.65	\$65.76
<i>\$ Increase</i>			3.11
<i>% Increase</i>			5.0%
Average User	8	\$74.85	\$78.48
<i>\$ Increase</i>			3.63
<i>% Increase</i>			4.8%
High User	10	\$87.05	\$91.20
<i>\$ Increase</i>			4.15
<i>% Increase</i>			4.8%
Very High User	20	\$148.05	\$161.30
<i>\$ Increase</i>			13.25
<i>% Increase</i>			8.9%
Excessive User	50	\$347.25	\$371.60
<i>\$ Increase</i>			24.35
<i>% Increase</i>			7.0%

Table 5
 Foster City / Estero Municipal Improvement District
 Projected Water Rate Impacts

Projected Water Bills	Current	Fiscal Year Ending June 30					Extended Year Projection				
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

Two Tier Hybrid Model

Single Family Residential Monthly Rate	\$74.85	\$78.48	\$82.21	\$86.12	\$90.29	\$94.64	\$96.44	\$98.37	\$100.35	\$102.30	\$104.27
\$ Increase		3.63	3.73	3.91	4.17	4.35	1.80	1.93	1.98	1.95	1.97
% Increase		4.8%	4.8%	4.8%	4.8%	4.8%	1.9%	2.0%	2.0%	1.9%	1.9%

Based on Single Family Residential Use of 8 ccf

Wastewater Enterprise Fund

There are approximately 13,966 wastewater accounts serviced by the District. The majority of accounts are residential with the remainder consist of commercial and institutional accounts as shown in Table 1.

Table 1
Foster City / Estero Municipal Improvement District
Wastewater Service Accounts

Data as of: 02/01/22

Customer Class	Number of Accounts
<u>Residential</u>	
Single Family	4,535
Townhouse/Duplex	2,277
Apartment/Condominium (Pools w/ Restrooms)	<u>6,906</u>
Residential Total	13,718
<u>Commercial</u>	
Restaurants	42
Commercial/Hotels/Offices/Industrial/Laundromats	<u>171</u>
Commercial Total	213
<u>Institutional</u>	
Institutional/Schools	<u>35</u>
Institutional Total	35
Total	13,966

Source: Cognos Sewer Customer Count Report

The District has approximately \$22,698,115 in its wastewater maintenance and operations reserve fund as shown in Table 2. The District's minimum operating reserve target is 25% of operating and maintenance expenses (est. to be about \$2.3 million).

Table 2
 Foster City / Estero Municipal Improvement District
 Wastewater Operating Fund Reserves

Fund Reserve Component	July 1, 2022
	Balance
Reserved for Maintenance & Operation	<u>\$22,698,115</u>
Total	\$22,698,115

Note: Rate model only includes fund reserve components available to fund ongoing operating and capital expenditures.

Source: City of Foster City/Estero Municipal Improvement District Staff

Table 3 summarizes the current wastewater service rates.

Table 3
 Foster City / Estero Municipal Improvement District
 Current Wastewater Rates

Fiscal Year Ending June 30	Current 2023
Residential (flat monthly rate)	
Single Family	\$127.06
Townhouse/Duplex	106.73
Apartment/Condominium (Pools w/ Restrooms)	106.73
Commercial (rate per ccf of water use)	
Restaurants	23.09
Commercial/Hotels/Offices/Industrial/Laundromats	8.12
Institutional (rate per ccf of water use)	
Institutional/Schools	5.34

Table 4 summarizes the operating expenditures of the enterprise. Costs are expected to remain relatively stable over the next five years. Projected operating expenditures are anticipated to increase over the next five years by about 30%.

Table 4
 City of Foster City / Estero Municipal Improvement District
 Wastewater Enterprise O&M Projection

Expenditures	Revised Budget	Five Year Projection					Annual % Increase [1]
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
Employee Services	\$2,883,682	\$2,838,710	\$2,952,258	\$3,070,348	\$3,193,162	\$3,320,888	4.0%
Internal Services (from City)	1,116,826	1,167,852	1,197,048	1,226,974	1,257,648	1,289,089	2.5%
Internal Services -ERF	266,126	266,126	272,779	279,598	286,588	293,753	2.5%
Services & Supplies	661,550	733,550	751,889	770,686	789,953	809,702	2.5%
EMID Share WWTP O&M	3,400,000	3,700,000	3,700,000	4,000,000	4,200,000	5,200,000	N/A
Reallocation [2]	<u>894.301</u>	<u>976.739</u>	<u>1,001.157</u>	<u>1,026.186</u>	<u>1,051.841</u>	<u>1,078.137</u>	2.5%
TOTAL O&M Expenditures	\$9,222,485	\$9,682,977	\$9,875,131	\$10,373,792	\$10,779,192	\$11,991,569	
		5.0%	2.0%	5.0%	3.9%	11.2%	

[1] Based on historical results

[2] Costs allocated to the Wastewater Enterprise from other departments based on the City's cost allocation study.

Wastewater Financial Projections

Wastewater projections are shown in APPENDIX E.

San Mateo-Foster City Public Financing Authority:

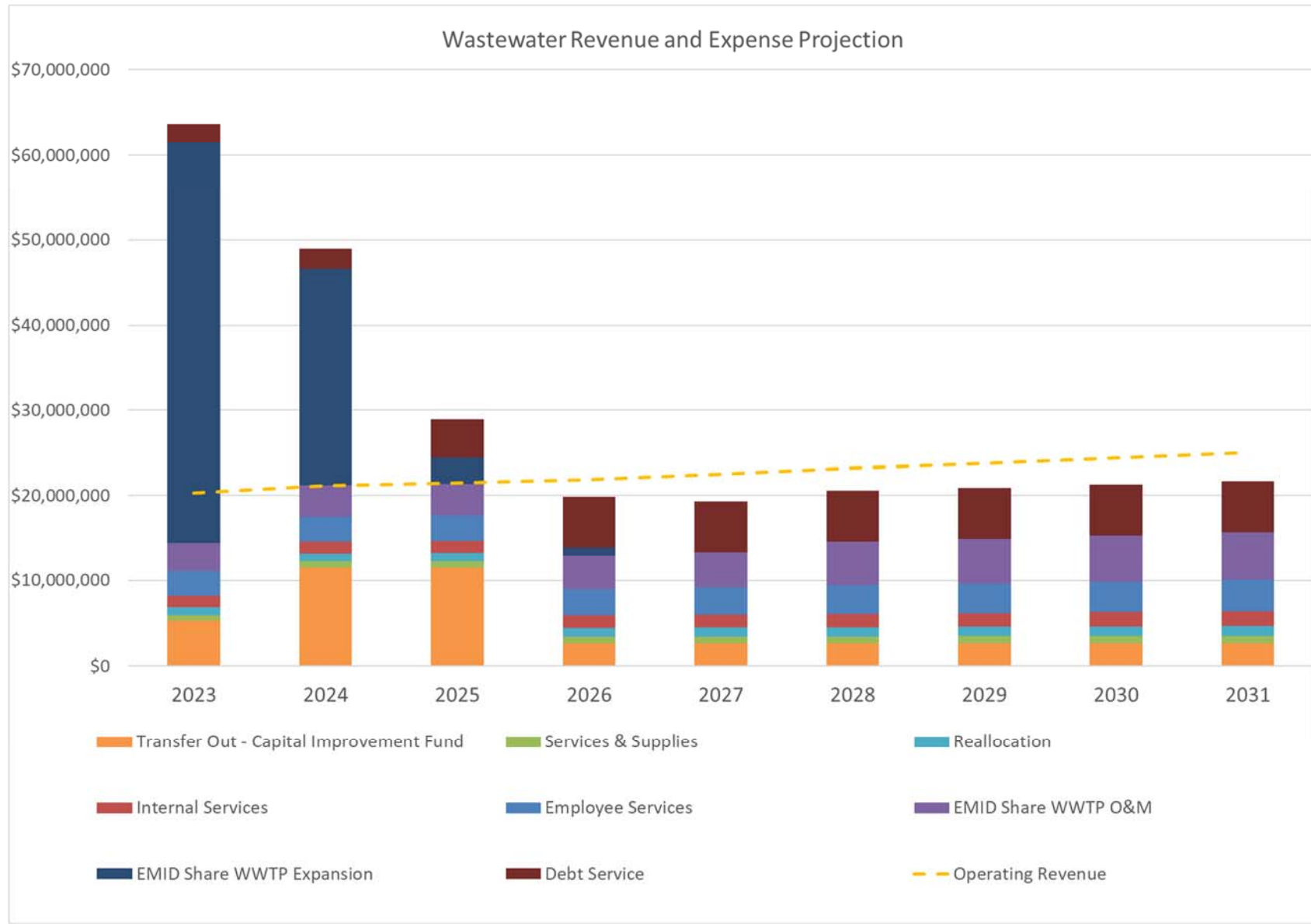
Projections anticipate \$60.65 million of debt issuances between FY 2023 and FY 2024 (\$27.6 MM of WIFIA proceeds and \$33 MM of SRF loans) to fund WWTP expansion costs. BWA projects that the approved rate increases are adequate to secure projected debt issuances over the next several years.

Table 5 shows debt service estimates for the District’s share of WWTP costs. Annual debt service for the combined total debt issuances is estimated to amount to \$5.96 MM by FY 2026.

Table 5
City of Foster City / Estero Municipal Improvement District
Debt Service Estimates

Debt Service	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
2020 WIFIA Loan	\$0	\$298,110	\$2,269,977	\$2,616,824	\$2,616,839	\$2,616,857	\$2,616,878	\$2,616,901	\$2,616,928	\$2,616,958
2019 Bonds	2,084,250	2,085,000	2,084,250	2,086,875	2,087,750	2,086,875	2,084,250	2,084,750	2,088,125	2,084,375
<u>2023 SRF Loan/Bonds</u>	<u>0</u>	<u>0</u>	<u>134,332</u>	<u>1,259,604</u>	<u>1,259,573</u>	<u>1,259,540</u>	<u>1,259,508</u>	<u>1,259,475</u>	<u>1,259,443</u>	<u>1,259,410</u>
Total Debt Service	\$2,084,250	\$2,383,110	\$4,488,559	\$5,963,303	\$5,964,162	\$5,963,273	\$5,960,636	\$5,961,127	\$5,964,496	\$5,960,742

CHART B



Wastewater Cost of Service Analysis

Bartle Wells performed a Wastewater Cost of Service Analysis to determine equitable cost allocation to the various user classes. BWA recommends continuing the practice of placing commercial customers into three wastewater strength categories, (low, medium and high) based on the State Water Resources Control Board (SWRCB) Wastewater Revenue Program Guidelines. Low strength wastewater (Class A) customers include banks, laundromats, retail stores, schools, churches and others as shown in Table 6.

Medium strength wastewater (Class B) customers have wastewater strength factors that are assumed to be similar to residential wastewater strength factors. They include typical commercial activities such as libraries, spas, nail salons, gas stations and bars.

High strength wastewater (Class C) customers primarily include food-related businesses such as restaurants, bakeries, dairies, wineries, catering, butcher shops and fish markets.

Table 6
City of Foster City/Estero Municipal Improvement District
Strength Classifications into Low, Medium/Domestic, and High Strength Dischargers

Low Strength

Banks & Financial Institutions
Barber Shops/Hair Salons (hair cutting only)
Post Offices/Government
Retail Stores
Libraries
Schools
Churches, Halls & Lodges
Parking Garages
Warehouses

Medium/Commercial/ Domestic Strength

Residential - All
Appliance Repair
Beauty Shops (hair cutting w/additional treatments)
Dry Cleaners
Nail Salons
Pet Groomers
Commercial Laundromats
Bars & Taverns

Tasting Rooms
Hospitals - General, Convalescent & Veterinarian
Hotels, Motels, B&Bs, and Vacation Rentals
Offices - Business and Professional
Offices - Medical/Dental
Pools with Restrooms (Clubhouse)
Theaters
Car Washes
High Tech Medical Manufacturing
Light Manufacturing/Industrial
Gym or Health Club
Machine Shops
Service Stations, Garages, Auto Repair Shops
Mini Marts - W/O Dish Washer or Garbage Disposal
Mini Mart with Gas Pumps - W/O Dish Washer or Garbage Disposal
Spa with Various Beauty Treatments

High Strength

Restaurants
Coffee Shops
Ice Cream Parlors
Catering
Eatery
Bakeries
Butcher Shops
Fish Market/Shop
Markets - with Dish Washer or Garbage Disposal
Markets - with Bakeries or Butcher Shops
Mini Marts - with Dish Washer or Garbage Disposal
Wineries
Market
Dairies (milk producers, yogurt, ice cream maker)
Specialty Foods Manufacturing (e.g., cheese or olive oil maker)

Note: Wastewater users who have Fats, Oils, and Grease (FOG) waste will be put into the High Strength user category

Table 7 summarizes the assumed wastewater strength factors for the low, medium and high strength groups that are based on typical strengths provided in the SWRCB’s Revenue Program Guidelines. The strength factor for medium strength customers is equivalent to residential or “domestic” strength, of 1.00. The strength factor for low strength is calculated at 0.66 and for high strength is calculated at 2.85 based on the SWRCB guidelines.

Table 7
 City of Foster City/Estero Municipal Improvement District
 Assumed Wastewater Strength Factors

Strength Class	LOW	LOW-MEDIUM	MEDIUM	HIGH
Examples:	Institutional Bank	Townhouse, Duplex, Apartment, Condo	Residential Offices	Restaurant Bakery
Flow (gpd)	200	168	200	200
BOD ¹ (mg/l)	135	240	240	1000
TSS ² (mg/l)	100	240	240	800
Strength Factor	0.66	0.84	1.00	2.85
Strength Factor Formula	SF=(Flow(gpd)/200)*(0.33+(0.34*BOD(mg/l)/240)+(0.33*TSS(mg/l)/240))			

WW flows and strengths based on State Water Resources Control Board's Revenue Program Guidelines

1 "BOD" stands for Biochemical Oxygen Demand

2 "TSS" stands for Total Suspended Solids

Table 8 summarizes the mass-balance analysis for the City’s wastewater system and calculates the wastewater rates for each customer class. Single family residences are assumed to have an average daily (dry weather) flow of 200 gallons per day (gpd). The flow estimate is based on the State Water Resources Control Board Revenue Program Guidelines Table G-1, which estimates flow in gallons per day per person for residential dwelling units to be up to 75 gallons.

Based on residential occupancy data provided by the City of Foster City, single family residences are estimated to have an average of 2.67 residents per household and multi-family residences are estimated to have an average of 2.25 residents per household (84% of a single family household).

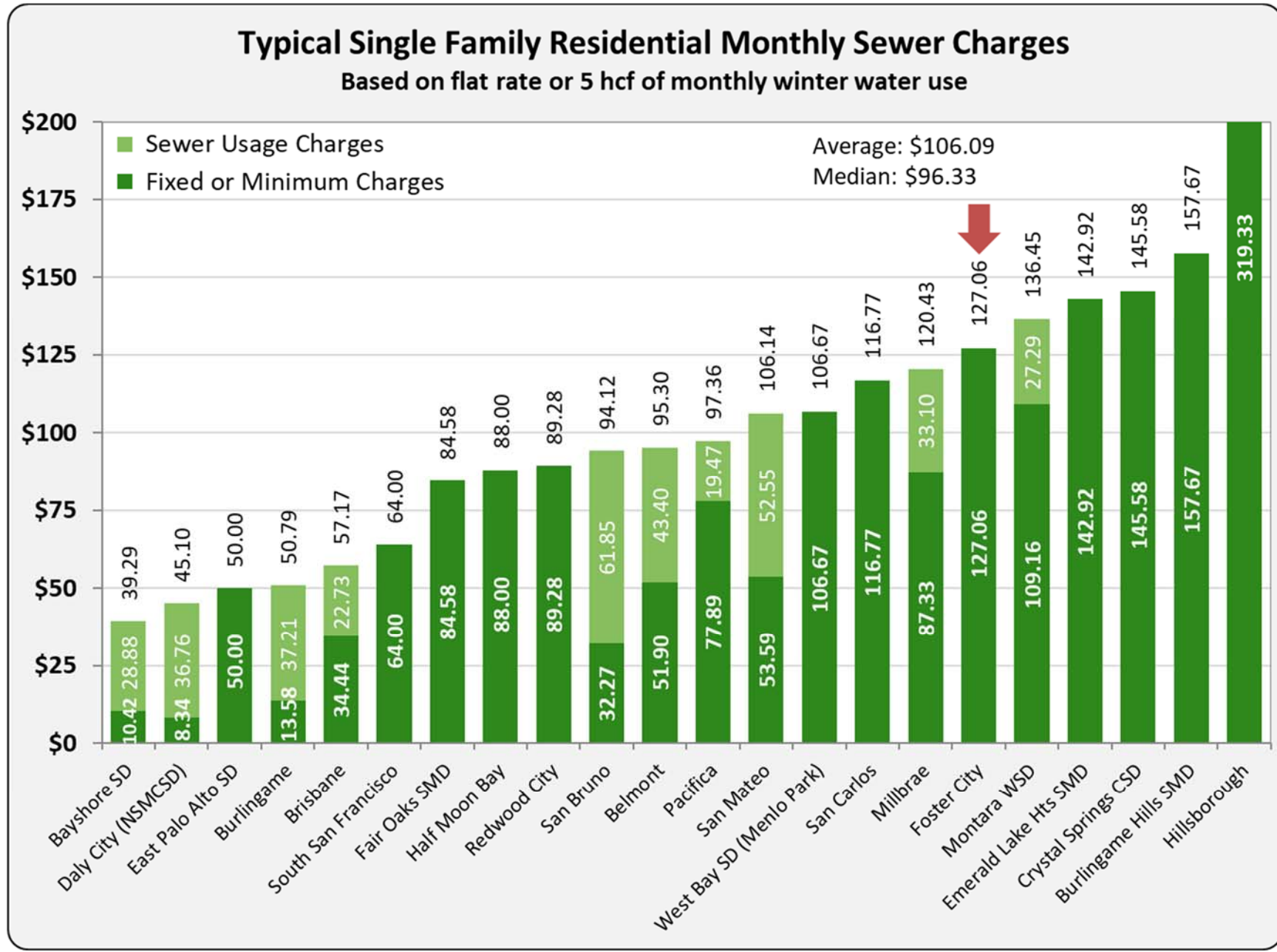
Multi-family dwellings are billed based on an estimated flow of 168 gpd or 0.84 times the single family flow. As a check, the mass balance in Table 8 compares the total calculated and measured daily wastewater flows for Foster City (average dry weather flow).

The results agree well with the estimated daily flow at 2.61 million gallons per day (mgd) and the measured flow at 2.37 mgd.

Table 8
 City of Foster City/Estero Municipal Improvement District
 Summary of Wastewater Users by Customer Class

Customer Class	EDUs ¹	ADWF Flow (gal/day)	FY 2023 Estimate EDU x Flow ADWF Flow (gal/day)	BOD ³ (mg/l)	TSS ⁴ (mg/l)	Calculated Current Rate	
Residential							
Single Family Residential	4,535	200	907,000	240	240	127.06	
Townhouse/Duplex	2,277	168	382,536	240	240	106.73	
Apartment/Condos	6,906	168	1,160,208	240	240	106.73	
Subtotal			2,449,744				
Commercial	Accounts	Use (gal/day)	Flow Factor	Estimated ADWF Flow (gal/day)	BOD ³ (mg/l)	TSS ⁴ (mg/l)	Calculated Current Rate
Low Strength	35	40,655	65%	26,426	135	100	5.34
Medium/Domestic Strength	171	198,866	52%	103,329	240	240	8.12
High Strength	42	48,957	70%	34,270	1000	800	23.09
Subtotal		288,478		164,024			
Totals				2,613,768			
Check Against Lowest Actual Monthly Avg. Day Flow (May 2014 from LS 59 Flow Log):				2,367,806			

1 "EDU" stands for Equivalent Dwelling Unit
 2 "ADWF" stands for Average Dry Weather Flow
 3 "BOD" stands for Biochemical Oxygen Demand
 4 "TSS" stands for Total Suspended Solids



APPENDIX E

Table 1
City of Foster City / Estero Municipal Improvement District
Wastewater Enterprise Cash Flow Projection

	Five Year Projection						Extended Year Projection				
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assumptions:											
Interest Earnings Rate	0.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Revenue Increase from Growth	0.00%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%
Rate Adjustment		3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Monthly Service Charge for Single Family	\$127.06	\$130.87	\$133.49	\$136.16	\$138.88	\$141.66	\$144.49	\$147.38	\$150.33	\$153.34	\$156.41
Beginning O&M Fund Balance	\$22,698,115	\$25,800,900	\$12,471,000	\$5,118,900	\$7,188,000	\$10,350,600	\$12,892,800	\$15,709,000	\$18,706,600	\$21,992,000	\$25,484,300
Operating Revenues											
Service Charges	20,121,293	20,799,000	21,291,000	21,795,000	22,311,000	22,839,000	23,379,000	23,932,000	24,498,000	25,078,000	25,671,000
Connection Fees [1]	45,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest Earnings [2]	113,491	516,000	249,000	102,000	144,000	207,000	258,000	314,000	374,000	440,000	510,000
Other Revenue	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Operating Revenue	20,281,283	21,366,000	21,591,000	21,948,000	22,506,000	23,097,000	23,688,000	24,297,000	24,923,000	25,569,000	26,232,000
Non Operating Revenue											
Bond / Loan [3]	46,418,785	14,235,063	0	0	0	0	0	0	0	0	0
Non Operating Revenue	46,418,785	14,235,063	0	0	0	0	0	0	0	0	0
Total Revenue	66,700,068	35,601,063	21,591,000	21,948,000	22,506,000	23,097,000	23,688,000	24,297,000	24,923,000	25,569,000	26,232,000
Operating Expenses											
Employee Services	2,883,682	2,838,710	2,952,258	3,070,348	3,193,162	3,320,888	3,453,724	3,591,873	3,735,548	3,884,970	4,040,369
Internal Services (from City)	1,116,826	1,167,852	1,197,048	1,226,974	1,257,648	1,289,089	1,321,316	1,354,349	1,388,208	1,422,913	1,458,486
Internal Services -ERF	266,126	266,126	272,779	279,598	286,588	293,753	301,097	308,624	316,340	324,249	332,355
Services & Supplies	661,550	733,550	751,889	770,686	789,953	809,702	829,945	850,694	871,961	893,760	916,104
EMID Share WWTP O&M	3,400,000	3,700,000	3,700,000	4,000,000	4,200,000	5,200,000	5,300,000	5,500,000	5,600,000	5,800,000	6,000,000
Reallocation	894,301	976,739	1,001,157	1,026,186	1,051,841	1,078,137	1,105,090	1,132,717	1,161,035	1,190,061	1,219,813
Operating Expenses	9,222,485	9,682,977	9,875,131	10,373,792	10,779,192	11,991,569	12,311,172	12,738,257	13,073,092	13,515,953	13,967,127
Operating Net Revenue	11,058,798	11,683,023	11,715,869	11,574,208	11,726,808	11,105,431	11,376,828	11,558,743	11,849,908	12,053,047	12,264,873
Capital Expenses											
Transfer Out - Capital Improvement Fund	5,250,000	11,500,000	11,500,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
EMID Share WWTP Expansion	47,040,566	25,364,852	3,079,383	941,812	0	0	0	0	0	0	0
Capital Expenses	52,290,566	36,864,852	14,579,383	3,541,812	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Annual Debt Service	2,084,250	2,383,110	4,488,559	5,963,303	5,964,162	5,963,273	5,960,636	5,961,127	5,964,496	5,960,742	5,959,868
Debt Service	2,084,250	2,383,110	4,488,559	5,963,303	5,964,162	5,963,273	5,960,636	5,961,127	5,964,496	5,960,742	5,959,868
Debt Coverage [4]	5.31	4.90	2.61	1.94	1.97	1.86	1.91	1.94	1.99	2.02	2.06
Total Expenditures	63,597,301	48,930,939	28,943,073	19,878,907	19,343,354	20,554,842	20,871,808	21,299,384	21,637,588	22,076,695	22,526,995
Revenues Less Total Expenditures	3,102,767	(13,329,876)	(7,352,073)	2,069,093	3,162,646	2,542,158	2,816,192	2,997,616	3,285,412	3,492,305	3,705,005
Ending O&M Fund	25,800,882	12,471,024	5,118,927	7,187,993	10,350,646	12,892,758	15,708,992	18,706,616	21,992,012	25,484,305	29,189,305
Cash Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses											
Year-end O&M Fund	25,800,882	12,471,024	5,118,927	7,187,993	10,350,646	12,892,758	15,708,992	18,706,616	21,992,012	25,484,305	29,189,305
25% Operating Expenses	2,305,621	2,420,744	2,468,783	2,593,448	2,694,798	2,997,892	3,077,793	3,184,564	3,268,273	3,378,988	3,491,782
# of Days O&M in Reserves	1,021	470	189	253	350	392	466	536	614	688	763
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

[1] Growth projections for planning purposes

[2] Projected interest calculated as 2% of the Beginning Fund Balance of the Wastewater O&M Fund.

[3] Calculated by William Euphrat Municipal Finance, Inc.

[4] Minimum requirement debt service coverage requirement = 1.25x

Table 2
City of Foster City / Estero Municipal Improvement District
Projected Wastewater Rate Impacts

Projected Rates	Current	Projected - Fiscal Year Ending June 30				
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
% Rate Increase		3.00%	2.00%	2.00%	2.00%	2.00%
Residential (flat monthly rate)						
Single Family	\$127.06	\$130.87	\$133.49	\$136.16	\$138.88	\$141.66
<i>Increase (Decrease)</i>		3.81	2.62	2.67	2.72	2.78
Townhouse/Duplex	\$106.73	\$109.93	\$112.13	\$114.37	\$116.66	\$118.99
<i>Increase (Decrease)</i>		3.20	2.20	2.24	2.29	2.33
Apartment/Condominium (Pools w/ Restrooms)	\$106.73	\$109.93	\$112.13	\$114.37	\$116.66	\$118.99
<i>Increase (Decrease)</i>		3.20	2.20	2.24	2.29	2.33
Commercial (rate per ccf of water use)						
High Strength	\$23.09	\$23.78	\$24.26	\$24.75	\$25.25	\$25.76
<i>Increase (Decrease) per ccf</i>		0.69	0.48	0.49	0.50	0.51
Medium/Domestic Strength	\$8.12	\$8.36	\$8.53	\$8.70	\$8.87	\$9.05
<i>Increase (Decrease) per ccf</i>		0.24	0.17	0.17	0.17	0.18
Low Strength	\$5.34	\$5.50	\$5.61	\$5.72	\$5.83	\$5.95
<i>Increase (Decrease) per ccf</i>		0.16	0.11	0.11	0.11	0.12

CHART C

