



**DATE:** March 15th, 2024  
**TO:** City of Foster City/Estero Municipal Improvement District  
**FROM:** Bartle Wells Associates  
**SUBJECT:** Water Rate Study Update Results

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## **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 Enterprise and to project water rate adjustments for the next five-year period. BWA last conducted formal rate studies in 2023, which resulted in a one-year rate approval for water rates for FY 2024.

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

### **Water Enterprise Summary**

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 increased debt service on existing and newly issued bonds, continued low water usage, 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 2025 to FY 2029). SFPUC is projecting the current rate of \$5.21 in FY 2024 per hundred cubic feet (ccf) will increase to \$5.55 in FY 2025, \$5.63 in FY 2026, \$5.93 in FY 2027, \$6.37 in FY 2028, and \$6.60 in FY 2029.

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 increased 15.9% to \$4.75/ccf and 9.7% to \$5.21 in FY 2024. Despite these increases, the balancing account now shows wholesale customers owe SFPUC \$9.7 million. Wholesale rate increases are projected to return the balancing account to zero by FY 2026.

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 \$601,416 in FY 2025, to the Bay Area Water Supply and Conservation Agency (BAWSCA) for the Water System Improvement Project (WSIP) that was 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 \$1,000,000 per year for capital improvements. The capital improvement transfer amount is based on funding the District's water master plan.

Proposed water rates are based on 10% water loss. That is, 90% of the water EMID purchases are sold to retail customers. The losses have decreased over time due to the District's efforts to replace aging meters. Water loss refers to the difference between the amount of water put into the distribution system and the amount of water billed to customers. This loss can be categorized into two main types:

- Real Losses: These are physical losses of water from the system due to leaks, overflows, or breaks in the water mains, service lines, and other infrastructure. Real losses can be caused by aging infrastructure, corrosion, damage, or faulty installation.
- Apparent Losses: These are non-physical losses that occur due to inaccuracies in metering, data handling errors, or unauthorized consumption (water theft).

To maintain the operating reserves, fund the capital set aside, and phase in volumetric rates, BWA recommends the District implement a 3.8% volumetric rate increase and a 4.5% meter charge increase in FY 2025. The average bill for a single family home would increase by 4% or \$3.17 per month.

Detailed water rate calculations are shown in APPENDIX C.

## **Rate Survey**

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

The water survey compares a monthly water bill for 8 units of water which would be a common residential consumption. Including the recommended increase, the District's average monthly water bill proposed for FY 2025 is \$81.65. Since it is unknown what the comparator agencies are proposing for FY 2024, the District compares its FY 2024 monthly residential water bills to the FY 2024 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 8 ccf is \$106.08 per month and the District's average monthly residential water bill is \$78.48 per month, or about 26% less. Since the proposed increase is also less than the FY 2024 average, it is likely that EMID customers will continue to pay much lower than average water bills.

APPENDIX D shows how the combined water and wastewater bills compare to regional agencies based on FY 2024 rates. The average monthly combined water and wastewater bill for the region is \$225.98. The District's total combined water and wastewater bill is \$209.35 per month, or about 7.4% less than the regional average.

# 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 8,285 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: 01/23/24

Meter Size	Accounts	Meter Ratio <sup>1,2</sup>	Est. Meter Equivalents <sup>3</sup>
<b>Water Service</b>			
3/4"	6,825	1.00	6,825
1"	463	1.67	772
1-1/2"	180	4.00	720
2"	381	5.33	2,032
3"	89	11.67	1,038
4"	61	21.00	1,281
6"	39	46.67	1,820
8" or greater	<u>19</u>	80.00	<u>1,520</u>
Subtotal	8,057		16,008
<b>Private Fire Protection Service</b>			
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"	95	16.33	1,551
8" or greater	<u>85</u>	28.00	<u>2,380</u>
Subtotal	228		4,212
Total	8,285		20,220

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.

The District is meeting its 90-day operating fund reserve target (estimated to be \$4.4 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, 2023
	Reserve Balance
Reserved for Maintenance & Operation (401)	\$9,617,989
Total	\$9,617,989

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 2029 are shown graphically in CHART A. The SFPUC rates are projected to increase from \$5.21/ccf in FY 2024 to \$6.60/ccf in FY 2029.

CHART A

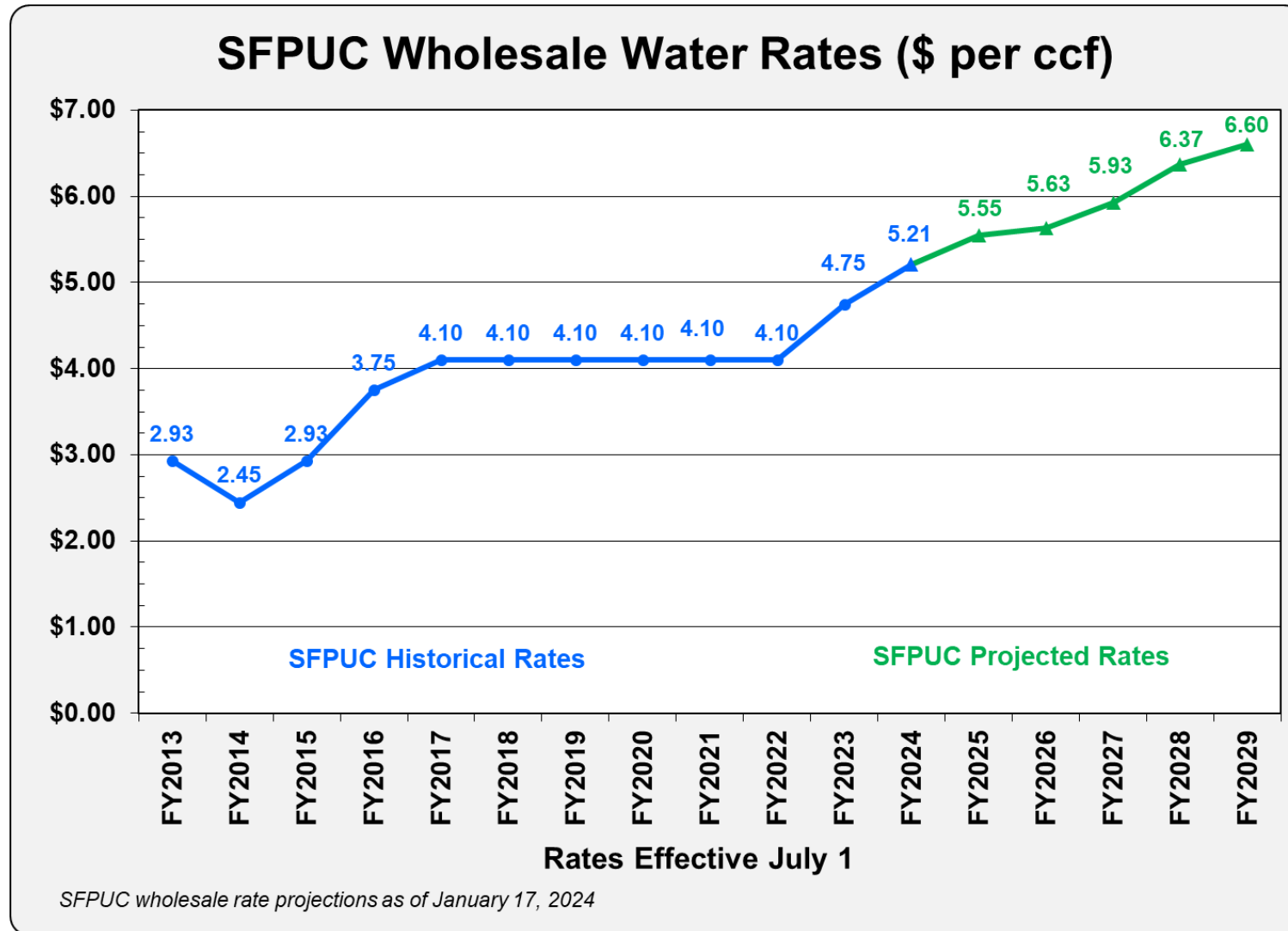


Table 3 summarizes the District’s projected operating expenditures which are anticipated to increase over the next five years by about 22%.

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

Expenditures	Revised Budget	Five Year Projection					Annual % Increase [1]
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	
Employee Services	2,630,464	2,962,550	3,081,052	3,204,294	3,332,466	3,465,764	4.0%
Internal Services - Others	1,053,625	1,244,701	1,275,819	1,307,714	1,340,407	1,373,917	2.5%
Internal Services - ERF	448,097	456,767	468,186	479,891	491,888	504,185	2.5%
Services & Supplies	750,362	817,062	837,489	858,426	879,886	901,884	2.5%
SFPUC Water Purchases	9,590,517	10,247,000	10,433,000	11,026,000	11,883,000	12,356,000	varies
BAWSCA Bond Repayment	594,012	601,416	601,416	601,416	601,416	601,416	
Reallocation [2]	1,267,042	1,368,966	1,403,190	1,438,270	1,474,227	1,511,082	2.5%
Water Sustainability	200,000	200,000	200,000	200,000	200,000	200,000	
Capital Outlay/Vehicles	600,000	-	-	-	-	-	
<b>TOTAL O&amp;M Expenditures</b>	<b>17,134,119</b>	<b>17,898,462</b>	<b>18,300,151</b>	<b>19,116,011</b>	<b>20,203,290</b>	<b>20,914,249</b>	
		4.5%	2.2%	4.5%	5.7%	3.5%	

[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, \$6.36 per ccf in FY 2024. Likewise, the District's meter charges recover fixed expenditures, expenditures that are fixed regardless of amount of water that is consumed, \$27.60 for a ¾" meter in FY 2024.

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 historical 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	2024
<b>Fixed Meter Charge</b>	
<b>Monthly Meter Charge</b>	
<u>Meter Size</u>	
3/4"	\$27.60
1"	\$46.00
1-1/2"	\$110.40
2"	\$147.20
3"	\$322.00
4"	\$579.60
6"	\$1,288.00
8" or greater	\$2,208.00
<b>Bi-Monthly Water Consumption Tiers and Rates</b>	
<u>Single Family Residential</u>	
Tier 1 0-20 per ccf	\$6.36
Tier 2 Over 20 ccf	\$7.01
<u>Multi-Family Residential</u>	
Tier 1 0-10 ccf per living unit	\$6.36
Tier 2 Over 10 ccf per living unit	\$7.09
<u>Irrigation Customers</u>	
Tier 1 <=100% of annual budget	\$6.36
Tier 2 >100% of annual budget	\$7.22
<u>Commercial and Fire Line</u>	
All usage	\$6.47
<b>Monthly Private Fire Protection Charge</b>	
<u>Meter Size</u>	
3/4"	\$38.64
1"	\$38.64
1-1/2"	\$38.64
2"	\$51.61
3"	\$112.61
4"	\$202.86
6"	\$450.71
8" or greater	\$772.80

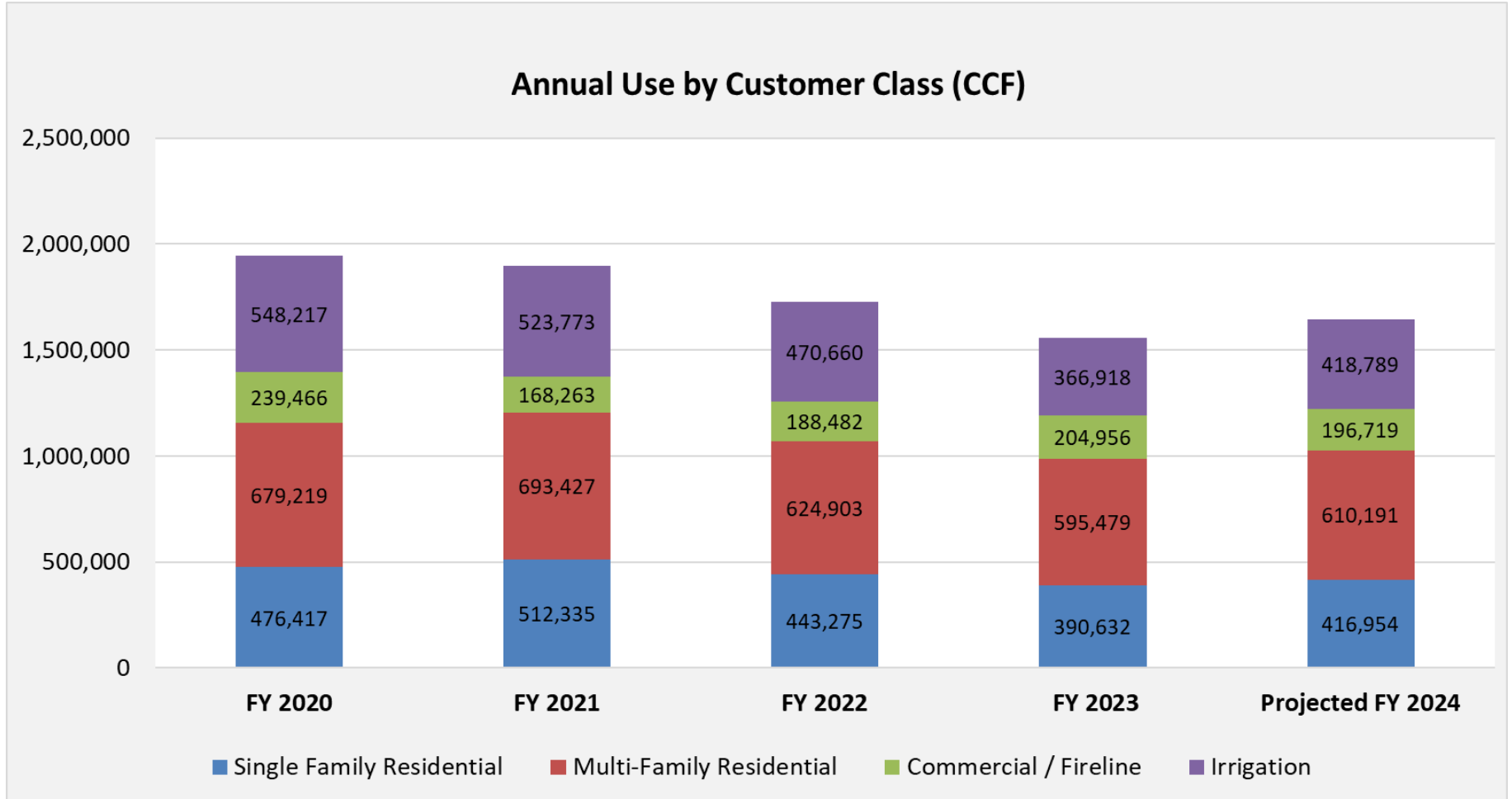
## **Low Income Discount**

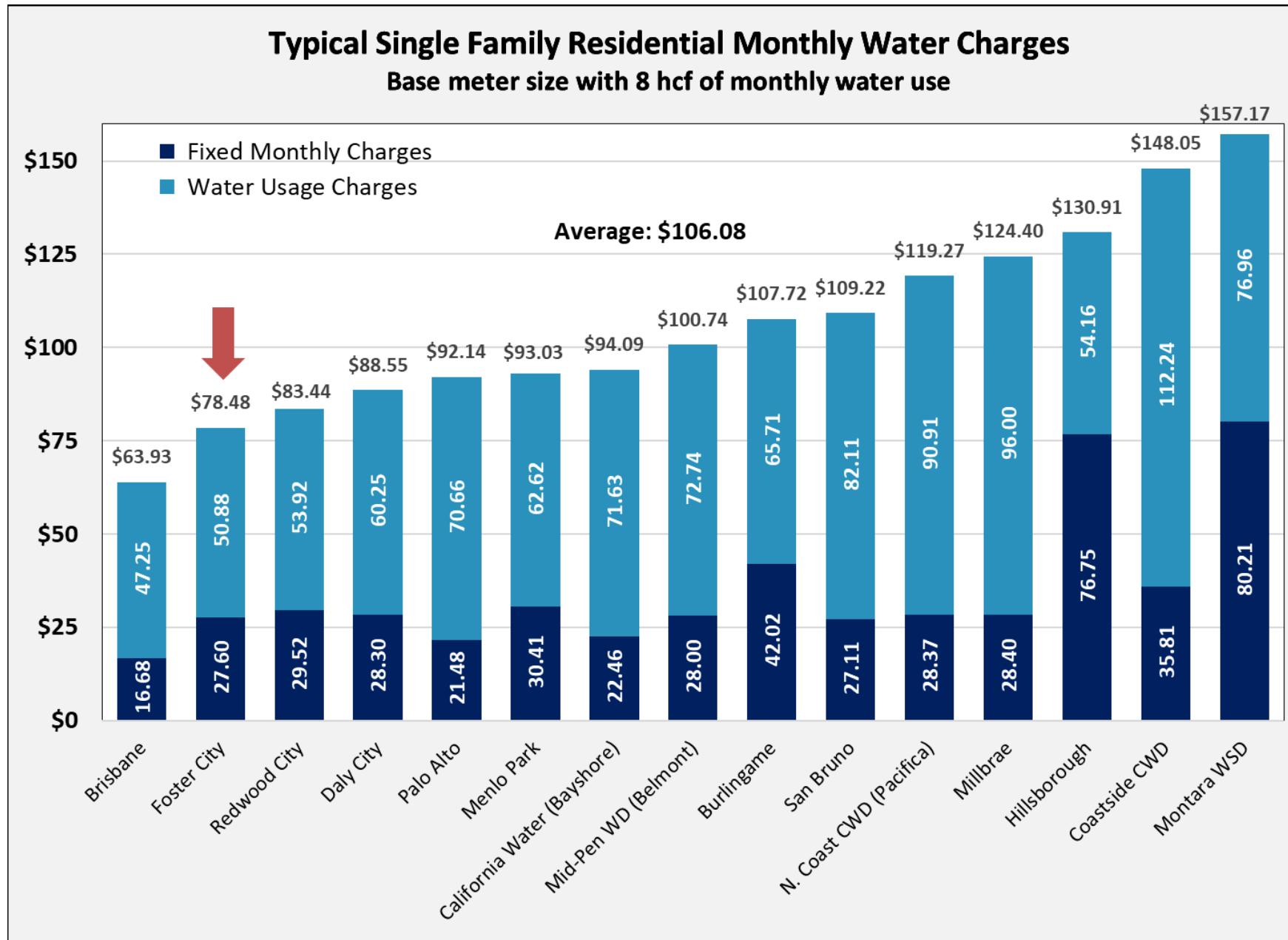
Currently Foster City has approximately 25 customers enrolled in the Water/Wastewater Rate Assistance Program (WWRAP), which was implemented in 2020. Customers meeting the eligibility and qualification requirements below are granted a discount of up to \$15 per month each on their qualifying Water accounts, 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.

The estimated maximum potential cost of a \$15/month discount for 25 customers amounts to \$4,500 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.

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 discount is recommended to be provided as funds are available. Late penalties collected year to date for water in FY 2024 amounted to \$31,000, exceeding the cost of the program.

APPENDIX A





APPENDIX C

Table 5  
 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				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Assumptions:</b>											
Interest Earnings Rate	2.00%	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]	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%
Fixed Charge	\$27.60	\$28.85	\$30.15	\$31.50	\$32.90	\$34.40	\$35.80	\$37.25	\$38.75	\$40.30	\$41.90
Fixed Rate Adjustment		4.5%	4.5%	4.5%	4.4%	4.6%	4.1%	4.1%	4.0%	4.0%	4.0%
SFR Variable Charge	\$6.36	\$6.60	\$6.85	\$7.11	\$7.38	\$7.66	\$7.96	\$8.18	\$8.41	\$8.66	\$8.90
Variable Rate Adjustment		3.8%	3.8%	3.8%	3.8%	3.8%	3.9%	2.8%	2.8%	3.0%	2.8%
Monthly Service Charge Single Family (8 ccf)	\$78.48	\$81.65	\$84.95	\$88.38	\$91.94	\$95.68	\$99.48	\$102.69	\$106.03	\$109.58	\$113.10
Rate Adjustment		4.0%	4.0%	4.0%	4.0%	4.1%	4.0%	3.2%	3.3%	3.3%	3.2%
<b>Beginning Fund Balance</b>	\$9,617,989	\$9,247,000	\$8,692,500	\$8,530,300	\$8,374,300	\$7,997,000	\$7,811,800	\$7,895,400	\$8,118,000	\$8,485,600	\$9,025,200
<b>Revenues</b>											
Water Sales & Service Charges											
Meter Charge Revenue Estimate	6,697,000	7,026,000	7,369,000	7,727,000	8,101,000	8,501,000	8,879,000	9,273,000	9,681,000	10,105,000	10,545,000
Volumetric Revenue Estimate	10,628,000	11,083,000	11,545,000	12,012,000	12,508,000	13,018,000	13,573,000	14,000,000	14,440,000	14,911,000	15,384,000
Connection Fees [1]	366,255	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]	192,000	185,000	174,000	171,000	167,000	160,000	156,000	158,000	162,000	170,000	181,000
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Operating Revenues</b>	<b>17,883,255</b>	<b>18,344,000</b>	<b>19,138,000</b>	<b>19,960,000</b>	<b>20,826,000</b>	<b>21,729,000</b>	<b>22,658,000</b>	<b>23,481,000</b>	<b>24,333,000</b>	<b>25,236,000</b>	<b>26,160,000</b>
<b>Expenses</b>											
Employee Services	2,630,464	2,962,550	3,081,052	3,204,294	3,332,466	3,465,764	3,604,000	3,748,000	3,898,000	4,054,000	4,216,000
Internal Services - Others	1,053,625	1,244,701	1,275,819	1,307,714	1,340,407	1,373,917	1,408,000	1,443,000	1,479,000	1,516,000	1,554,000
Internal Services - ERF	448,097	456,767	468,186	479,891	491,888	504,185	517,000	530,000	543,000	557,000	571,000
Services & Supplies	750,362	817,062	837,489	858,426	879,886	901,884	924,000	947,000	971,000	995,000	1,020,000
SFPUC Water Purchases	9,590,517	10,247,000	10,433,000	11,026,000	11,883,000	12,356,000	12,771,000	13,201,000	13,645,000	14,104,000	14,579,000
BAWSCA Bond Repayment	594,012	601,416	601,416	601,416	601,416	601,416	601,416	601,416	601,416	601,416	601,416
Reallocation	1,267,042	1,368,966	1,403,190	1,438,270	1,474,227	1,511,082	1,549,000	1,588,000	1,628,000	1,669,000	1,711,000
Capital Outlay / Vehicles	600,000	0	0	0	0	0	0	0	0	0	0
<b>Operating Expenses</b>	<b>16,934,119</b>	<b>17,698,462</b>	<b>18,100,151</b>	<b>18,916,011</b>	<b>20,003,290</b>	<b>20,714,249</b>	<b>21,374,416</b>	<b>22,058,416</b>	<b>22,765,416</b>	<b>23,496,416</b>	<b>24,252,416</b>
<b>Operating Net Revenues</b>	<b>949,136</b>	<b>645,538</b>	<b>1,037,849</b>	<b>1,043,989</b>	<b>822,710</b>	<b>1,014,751</b>	<b>1,283,584</b>	<b>1,422,584</b>	<b>1,567,584</b>	<b>1,739,584</b>	<b>1,907,584</b>
<b>Water Sustainability Fund Transfer</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Capital Improvement Transfer [3]</b>	<b>1,120,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
Total Expenses	18,254,119	18,898,462	19,300,151	20,116,011	21,203,290	21,914,249	22,574,416	23,258,416	23,965,416	24,696,416	25,452,416
<b>Revenues Less O&amp;M Expenses</b>	<b>949,136</b>	<b>645,538</b>	<b>1,037,849</b>	<b>1,043,989</b>	<b>822,710</b>	<b>1,014,751</b>	<b>1,283,584</b>	<b>1,422,584</b>	<b>1,567,584</b>	<b>1,739,584</b>	<b>1,907,584</b>
<b>Revenues Less Total Expenses</b>	<b>(370,864)</b>	<b>(554,462)</b>	<b>(162,151)</b>	<b>(156,011)</b>	<b>(377,290)</b>	<b>(185,249)</b>	<b>83,584</b>	<b>222,584</b>	<b>367,584</b>	<b>539,584</b>	<b>707,584</b>
<b>Ending Fund Balance</b>	<b>9,247,125</b>	<b>8,692,538</b>	<b>8,530,349</b>	<b>8,374,289</b>	<b>7,997,010</b>	<b>7,811,751</b>	<b>7,895,384</b>	<b>8,117,984</b>	<b>8,485,584</b>	<b>9,025,184</b>	<b>9,732,784</b>
<b>Revenue Test: Annual Revenues &gt; O&amp;M Expenses</b>											
Annual Revenues Less O&M Expenses	949,136	645,538	1,037,849	1,043,989	822,710	1,014,751	1,283,584	1,422,584	1,567,584	1,739,584	1,907,584
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
<b>Fund Reserve Test: Minimum Fund Balance &gt; 25% O&amp;M Expenses</b>											
Year-end fund balance	9,247,125	8,692,538	8,530,349	8,374,289	7,997,010	7,811,751	7,895,384	8,117,984	8,485,584	9,025,184	9,732,784
25% operating expenses	4,180,000	4,360,000	4,460,000	4,660,000	4,930,000	5,110,000	5,270,000	5,440,000	5,610,000	5,790,000	5,980,000
# of Days O&M in Reserves	199	179	172	162	146	138	135	134	136	140	146
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 6  
 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				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Fixed Meter Charge Increase</b>		4.50%	4.50%	4.50%	4.50%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Fixed Revenues +/- 5% of Fixed Costs?</b>		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Reserves % Above (Below) Reserve Target</b>		199.4%	191.3%	179.7%	162.2%	152.9%	149.8%	149.2%	151.3%	155.9%	162.8%
<b>Reserve Target Met?</b>		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Revenue Estimates</b>											
Meter Charge Revenue	\$ 6,697,000	\$ 7,026,000	\$ 7,369,000	\$ 7,727,000	\$ 8,101,000	\$ 8,501,000	\$ 8,879,000	\$ 9,273,000	\$ 9,681,000	\$ 10,105,000	\$ 10,545,000
Other Fixed Revenue	\$ 558,255	\$ 235,000	\$ 224,000	\$ 221,000	\$ 217,000	\$ 210,000	\$ 206,000	\$ 208,000	\$ 212,000	\$ 220,000	\$ 231,000
Volumetric Revenue	\$ 10,628,000	\$ 11,081,000	\$ 11,552,000	\$ 12,009,000	\$ 12,510,000	\$ 13,007,000	\$ 13,574,000	\$ 14,002,000	\$ 14,441,000	\$ 14,900,000	\$ 15,388,000
<b>Total Projected</b>	<b>\$ 17,883,255</b>	<b>\$ 18,342,000</b>	<b>\$ 19,145,000</b>	<b>\$ 19,957,000</b>	<b>\$ 20,828,000</b>	<b>\$ 21,718,000</b>	<b>\$ 22,659,000</b>	<b>\$ 23,483,000</b>	<b>\$ 24,334,000</b>	<b>\$ 25,225,000</b>	<b>\$ 26,164,000</b>
<b>Total Projected Revenue (Rounded '000's)</b>	<b>\$ 17,883,255</b>	<b>\$ 18,342,000</b>	<b>\$ 19,145,000</b>	<b>\$ 19,957,000</b>	<b>\$ 20,828,000</b>	<b>\$ 21,718,000</b>	<b>\$ 22,659,000</b>	<b>\$ 23,483,000</b>	<b>\$ 24,334,000</b>	<b>\$ 25,225,000</b>	<b>\$ 26,164,000</b>
	\$17,883,255	\$18,344,000	\$19,138,000	\$19,960,000	\$20,826,000	\$21,729,000	\$22,658,000	\$23,481,000	\$24,333,000	\$25,236,000	\$26,160,000
<b>Revenue Allocation</b>											
Fixed	40.6%	39.6%	39.7%	39.8%	39.9%	40.1%	40.1%	40.4%	40.7%	40.9%	41.2%
Variable	59.4%	60.4%	60.3%	60.2%	60.1%	59.9%	59.9%	59.6%	59.3%	59.1%	58.8%
<b>Costs Estimates</b>											
Fixed Costs [1]	\$7,869,590	\$7,850,046	\$8,065,735	\$8,288,595	\$8,518,874	\$8,756,833	\$9,002,000	\$9,256,000	\$9,519,000	\$9,791,000	\$10,072,000
Variable Costs [2]	\$10,384,529	\$11,048,416	\$11,234,416	\$11,827,416	\$12,684,416	\$13,157,416	\$13,572,416	\$14,002,416	\$14,446,416	\$14,905,416	\$15,380,416
<b>Total Projected Costs</b>	<b>\$18,254,119</b>	<b>\$18,898,462</b>	<b>\$19,300,151</b>	<b>\$20,116,011</b>	<b>\$21,203,290</b>	<b>\$21,914,249</b>	<b>\$22,574,416</b>	<b>\$23,258,416</b>	<b>\$23,965,416</b>	<b>\$24,696,416</b>	<b>\$25,452,416</b>
<b>Net Revenue</b>											
Fixed Charges	-\$614,335	-\$589,046	-\$472,735	-\$340,595	-\$200,874	-\$45,833	\$83,000	\$225,000	\$374,000	\$534,000	\$704,000
Volumetric Charges	\$243,471	\$32,584	\$317,584	\$181,584	-\$174,416	-\$150,416	\$1,584	-\$416	-\$5,416	-\$5,416	\$7,584
<b>Total</b>	<b>-\$370,864</b>	<b>-\$556,462</b>	<b>-\$155,151</b>	<b>-\$159,011</b>	<b>-\$375,290</b>	<b>-\$196,249</b>	<b>\$84,584</b>	<b>\$224,584</b>	<b>\$368,584</b>	<b>\$528,584</b>	<b>\$711,584</b>
<b>Cost Analysis</b>											
Fixed	43.1%	41.5%	41.8%	41.2%	40.2%	40.0%	39.9%	39.8%	39.7%	39.6%	39.6%
Variable	56.9%	58.5%	58.2%	58.8%	59.8%	60.0%	60.1%	60.2%	60.3%	60.4%	60.4%
<b>Meter Charge Calculation</b>											
Monthly charge per meter equivalent (Rounded to nearest \$0.05)	\$ 27.60	\$ 28.85	\$ 30.15	\$ 31.50	\$ 32.90	\$ 34.40	\$ 35.80	\$ 37.25	\$ 38.75	\$ 40.30	\$ 41.90
Annual charge per meter equivalent	\$ 331.20	\$ 346.20	\$ 361.80	\$ 378.00	\$ 394.80	\$ 412.80	\$ 429.60	\$ 447.00	\$ 465.00	\$ 483.60	\$ 502.80
Meter equivalents [3]	20,220	20,294	20,368	20,443	20,518	20,593	20,668	20,744	20,820	20,896	20,973
Meter Charge Revenue Estimate	\$ 6,697,000	\$ 7,026,000	\$ 7,369,000	\$ 7,727,000	\$ 8,101,000	\$ 8,501,000	\$ 8,879,000	\$ 9,273,000	\$ 9,681,000	\$ 10,105,000	\$ 10,545,000
<b>Volumetric Rate Calculation</b>											
<b>EMID Proposed Uniform Rate</b>	<b>\$6.47</b>	<b>\$ 6.72</b>	<b>\$ 6.98</b>	<b>\$ 7.23</b>	<b>\$ 7.50</b>	<b>\$ 7.77</b>	<b>\$ 8.08</b>	<b>\$ 8.30</b>	<b>\$ 8.53</b>	<b>\$ 8.77</b>	<b>\$ 9.02</b>
Projected annual water sales (ccf) [4]	1,642,652	1,649,000	1,655,000	1,661,000	1,668,000	1,674,000	1,680,000	1,687,000	1,693,000	1,699,000	1,706,000
Variable revenue estimate	\$10,628,000	\$11,081,000	\$11,552,000	\$12,009,000	\$12,510,000	\$13,007,000	\$13,574,000	\$14,002,000	\$14,441,000	\$14,900,000	\$15,388,000
<b>% Spread between EMID and SFPUC Surcharge</b>	<b>24.2%</b>	<b>21.1%</b>	<b>24.0%</b>	<b>21.9%</b>	<b>17.7%</b>	<b>17.7%</b>	<b>18.9%</b>	<b>18.5%</b>	<b>18.3%</b>	<b>18.1%</b>	<b>17.9%</b>
<b>SFPUC PROJECTED RATES</b>	<b>\$5.21</b>	<b>\$5.55</b>	<b>\$5.63</b>	<b>\$5.93</b>	<b>\$6.37</b>	<b>\$6.60</b>	<b>\$6.80</b>	<b>\$7.00</b>	<b>\$7.21</b>	<b>\$7.43</b>	<b>\$7.65</b>
<b>Increase (Decrease) %</b>		<b>6.5%</b>	<b>1.4%</b>	<b>5.3%</b>	<b>7.4%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>BAWSCA Surcharge</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.35</b>
<b>SFPUC Rate + BAWSCA Surcharge</b>	<b>\$5.56</b>	<b>\$5.90</b>	<b>\$5.98</b>	<b>\$6.28</b>	<b>\$6.72</b>	<b>\$6.95</b>	<b>\$7.14</b>	<b>\$7.35</b>	<b>\$7.56</b>	<b>\$7.77</b>	<b>\$8.00</b>
<b>EMID Fixed Meter Charge Increase (Decrease)</b>		4.5%	4.5%	4.5%	4.4%	4.6%	4.1%	4.1%	4.0%	4.0%	4.0%
<b>EMID Volumetric Rate Increase (Decrease)</b>		3.9%	3.9%	3.6%	3.7%	3.6%	4.0%	2.7%	2.8%	2.8%	2.9%

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 7  
 City of Foster City / Estero Municipal Improvement District  
 Proposed Water Rates - Two Tier Hybrid Model

**TWO TIER HYBRID MODEL**

Recommended Rates	Current Rates	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>Monthly Meter Charge</b>											
3/4"	\$27.60	\$28.85	\$30.15	\$31.50	\$32.90	\$34.40	\$35.80	\$37.25	\$38.75	\$40.30	\$41.90
1"	46.00	48.08	50.25	52.50	54.83	57.33	59.67	62.08	64.58	67.17	69.83
1-1/2"	110.40	115.40	120.60	126.00	131.60	137.60	143.20	149.00	155.00	161.20	167.60
2"	147.20	153.87	160.80	168.00	175.47	183.47	190.93	198.67	206.67	214.93	223.47
3"	322.00	336.58	351.75	367.50	383.83	401.33	417.67	434.58	452.08	470.17	488.83
4"	579.60	605.85	633.15	661.50	690.90	722.40	751.80	782.25	813.75	846.30	879.90
6"	1,288.00	1,346.33	1,407.00	1,470.00	1,535.33	1,605.33	1,670.67	1,738.33	1,808.33	1,880.67	1,955.33
8" or greater	2,208.00	2,308.00	2,412.00	2,520.00	2,632.00	2,752.00	2,864.00	2,980.00	3,100.00	3,224.00	3,352.00
<b>Conservation-Based Water Rate Model (based on bi-monthly allotments)</b>											
<b>Single Family Residential</b>											
Tier 1 0-20 per ccf	6.36	6.60	6.85	7.11	7.38	7.66	7.96	8.18	8.41	8.66	8.90
Tier 2 Over 20 ccf	7.01	7.33	7.60	7.84	8.09	8.36	8.67	8.89	9.12	9.36	9.60
<b>Multi-Family Residential (per living unit)</b>											
Tier 1 0-10 ccf per living unit	6.36	6.60	6.85	7.11	7.38	7.66	7.96	8.18	8.41	8.66	8.90
Tier 2 Over 10 ccf per living unit	7.09	7.36	7.64	7.88	8.13	8.40	8.71	8.93	9.16	9.40	9.64
<b>Irrigation Customers</b>											
Tier 1 <=100% of annual budget	6.36	6.60	6.85	7.11	7.38	7.66	7.96	8.18	8.41	8.66	8.90
Tier 2 >100% of annual budget	7.22	7.80	8.08	8.31	8.55	8.82	9.13	9.35	9.58	9.81	10.05
<b>Commercial and Fire Line Customers</b>											
Base Consumption Rate	6.47	6.72	6.98	7.23	7.50	7.77	8.08	8.30	8.53	8.77	9.02
<b>Monthly Fire Meter Charge</b>											
3/4"	38.64	40.39	42.21	44.10	46.06	48.16	50.12	52.15	54.25	56.42	58.66
1"	38.64	40.39	42.21	44.10	46.06	48.16	50.12	52.15	54.25	56.42	58.66
1-1/2"	38.64	40.39	42.21	44.10	46.06	48.16	50.12	52.15	54.25	56.42	58.66
2"	51.61	53.95	56.38	58.91	61.52	64.33	66.95	69.66	72.46	75.36	78.35
3"	112.61	117.71	123.01	128.52	134.23	140.35	146.06	151.98	158.10	164.42	170.95
4"	202.86	212.05	221.60	231.53	241.82	252.84	263.13	273.79	284.81	296.21	307.97
6"	450.71	471.12	492.35	514.40	537.26	561.75	584.61	608.29	632.79	658.10	684.23
8" or greater	772.80	807.80	844.20	882.00	921.20	963.20	1,002.40	1,043.00	1,085.00	1,128.40	1,173.20
(Minimum charge is equivalent to 1-1/2" meter charge)											



Table 8  
 Foster City / Estero Municipal Improvement District  
 Projected Water Rate Impacts

		Current	FY2025
		Rates	Two Tier Hybrid Model
Monthly meter charge		\$27.60	\$28.85
% Change			4.5%
<b>Single Family Residential</b>			
<b>Bi-Monthly Tiers</b>			
Tier 1: 0 to 20 ccf		\$6.36	\$6.60
Tier 2: over 20 ccf		\$7.01	\$7.33
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>		<u>Monthly Bill</u>
<b>Low User</b>	5	\$59.40	\$61.85
<i>\$ Increase</i>			2.45
<i>% Increase</i>			4.1%
<b>Median User</b>	6	\$65.76	\$68.45
<i>\$ Increase</i>			2.69
<i>% Increase</i>			4.1%
<b>Average User</b>	8	\$78.48	\$81.65
<i>\$ Increase</i>			3.17
<i>% Increase</i>			4.0%
<b>High User</b>	10	\$91.20	\$94.85
<i>\$ Increase</i>			3.65
<i>% Increase</i>			4.0%
<b>Very High User</b>	20	\$154.80	\$168.15
<i>\$ Increase</i>			13.35
<i>% Increase</i>			8.6%
<b>Excessive User</b>	50	\$365.10	\$388.05
<i>\$ Increase</i>			22.95
<i>% Increase</i>			6.3%

Table 9  
 Foster City / Estero Municipal Improvement District  
 Projected Water Rate Impacts

Projected Water Bills	Current	Fiscal Year Ending June 30					Extended Year Projection				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034

Two Tier Hybrid Model

Single Family Residential Monthly Rate	\$78.48	\$81.65	\$84.95	\$88.38	\$91.94	\$95.68	\$99.48	\$102.69	\$106.03	\$109.58	\$113.10
\$ Increase		3.17	3.30	3.43	3.56	3.74	3.80	3.21	3.34	3.55	3.52
% Increase		4.0%	4.0%	4.0%	4.0%	4.1%	4.0%	3.2%	3.3%	3.3%	3.2%

***Based on Single Family Residential Use of 8 ccf***

