



DATE: March 15th, 2021
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 2020, which resulted in a one-year rate approval for water rates for FY 2021 and five-year rate approval for wastewater rates.

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 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 District faces costs associated with the \$4.8 billion Water System Improvement Project (WSIP) to upgrade the Hetch Hetchy Water System, resulting in significant additional wholesale SFPUC rate increases beginning in FY 2023. The WSIP is over 98.8% complete as of December 31st, 2020, however SFPUC operating costs and debt service are projected to increase over the next five years.

The San Francisco Public Utilities Commission (SFPUC), the sole source of water supply for the District, released updated projections for their wholesale rate for the next year (FY 2022). SFPUC is projecting the current rate of \$4.10 in FY 2021 per hundred cubic feet (ccf) will remain the same in FY 2022.

SFPUC rates are projected to be held level at \$4.10/ccf for the next year 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. SFPUC is anticipating wholesale rates to increase in FY 2023 after the fund balance gets to zero. SFPUC rates are projected to increase by 2.2% in FY 2023, 16.2% in FY 2024, 3.3% in FY 2025, and 8.3% in FY 2026. BWA proposed water rates are designed to phase in District rate increases over time to avoid sharp increases.

The District will also continue to make annual payments, projected to be \$810,408 in FY 2022, 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 increase the capital set aside from \$205,000 per year to \$680,000 per year. Proposed water rates are based on 11% water loss, down from 11.5% from the previous study. That is, 89% of the water EMID purchases is sold to retail customers.

To maintain the operating reserves, fund the increased capital set aside, and phase in volumetric rates, BWA recommends the District implement a 2.8% volumetric rate increase and a 4% meter charge increase in FY 2022. The average bill for a single family home would increase by 3.2% or \$2.23 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 \$638 MM with \$154 MM of that falling under Foster City's contributions. This is in addition to local capital projects for the District's own sewage collection system. The wastewater enterprise intends to fund collection system capital expenditures through annual transfers varying between \$1.9 MM and \$2.25 MM 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 2021 analysis shows that the District has adequate financing capacity for projected debt issuances in the next several years. Additional rate increases 2% each year thereafter are projected, however BWA recommends reevaluating outer year increases over the next several years as financing terms and capital costs materialize.

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.

Including the recommended increase, the District's average monthly water bill proposed for FY 2022 is \$72.36. Since it is unknown what the comparator agencies are proposing for FY 2022, the District compares its current monthly residential water bills for FY 2021

to the current rates for the neighboring agencies. The survey indicates the District's water rates remain among the lowest on the Peninsula. For FY 2021, the average monthly water bill for the region (based on 8 units of water for monthly usage) is \$92.39 per month and the District's current (FY 2021) average monthly residential water bill is \$69.93 per month, or about 24% less than the current average of neighboring communities.

The District's wastewater rates remain slightly below the average amongst its comparator agencies. The average monthly bill among comparator agencies for FY 2021 is \$99.24. Since it is unknown what the comparator agencies are proposing for FY 2022, the District's compares its current monthly residential wastewater bills for FY 2021 to the current rates for the neighboring agencies. For FY 2021, the District's average rate is \$97.34 per month, or about 2% less than the average (\$99.24) of the neighboring communities for FY 2021.

Water Enterprise Fund

The District currently provides water service to a population of approximately 37,687. Most of the District's customers are residential. Table 1 shows the approximately 8,181 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: 02/04/21

Meter Size	Accounts	Meter Ratio ^{1,2}	Est. Meter Equivalents ³
Water Service			
3/4"	6,767	1.00	6,767
1"	457	1.67	762
1-1/2"	169	4.00	676
2"	379	5.33	2,021
3"	89	11.67	1,038
4"	54	21.00	1,134
6"	28	46.67	1,307
8" or greater	<u>19</u>	80.00	<u>1,520</u>
Subtotal	7,962		15,225
Private Fire Protection Service			
3/4"	0	1.40	0
1"	7	1.40	10
1-1/2"	3	1.40	4
2"	0	1.87	0
3"	2	4.08	8
4"	32	7.35	235
6"	95	16.33	1,551
8" or greater	<u>80</u>	28.00	<u>2,240</u>
Subtotal	219		4,049
Total	8,181		19,274

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 2021 (estimated to be \$3.76 million.)

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

Fund Reserve Component	July 1, 2020
	Reserve Balance
Reserved for Maintenance & Operation (401)	\$4,919,670
Total	\$4,919,670

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 2026 are shown graphically in CHART A. The SFPUC also collects the BAWSCA Bond Surcharge from the District. The chart incorporates the BAWSCA Bond Surcharge estimated at \$0.37 cents per ccf. The SFPUC rates and BAWSCA surcharge combined are projected to remain flat from FY 2021 to FY 2022 at \$4.47/ccf (\$4.10 SFPUC + \$.37 BAWSCA). The SFPUC rate is projected to increase by about 33% from FY 2023 to FY 2026.

CHART A

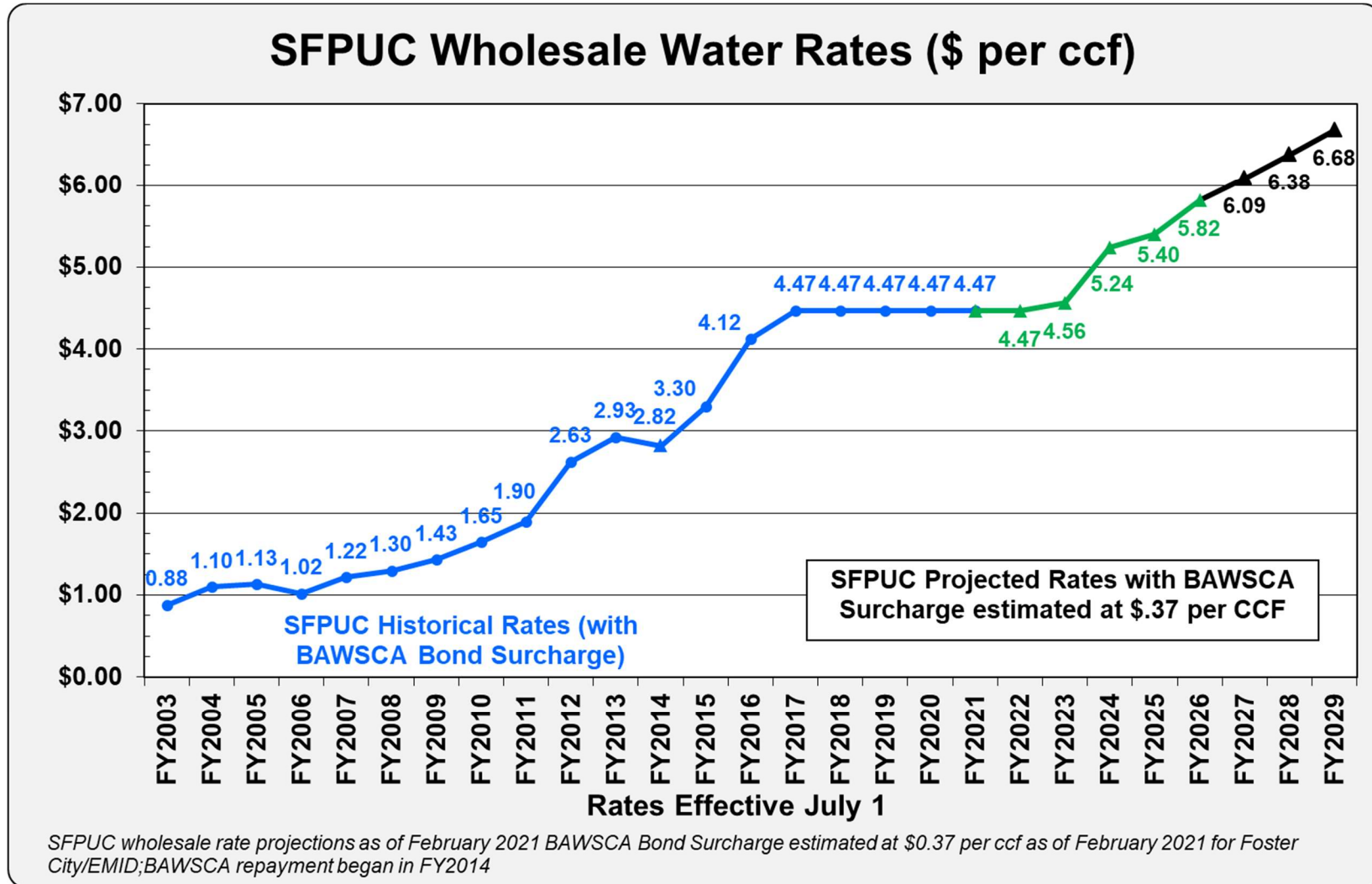


Table 3 summarizes the District’s projected operating expenditures which are anticipated to increase over the next five years by about 27%.

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

Expenditures	Five Year Projection						Annual % Increase [1]
	FY2021 Projected	FY2022	FY2023	FY2024	FY2025	FY2026	
Employee Services	2,362,154	2,447,311	2,545,204	2,647,012	2,752,892	2,863,008	4.0%
Internal Services - Others	771,079	812,402	832,712	853,529	874,868	896,739	2.5%
Internal Services - ERF	443,967	633,532	649,370	665,605	682,245	699,301	2.5%
Services & Supplies	598,901	611,900	627,198	642,877	658,949	675,423	2.5%
SFPUC Water Purchases	9,055,317	9,077,000	9,295,000	10,815,000	11,198,000	12,159,000	varies
BAWSCA Bond Repayment	820,775	810,408	870,000	870,000	870,000	870,000	
Reallocation	1,207,174	1,186,591	1,216,256	1,246,662	1,277,829	1,309,774	2.5%
Water Sustainability	200,000	200,000	200,000	200,000	200,000	200,000	
TOTAL O&M Expenditures	15,459,367	15,779,144	16,235,739	17,940,685	18,514,783	19,673,246	
		2.1%	2.9%	10.5%	3.2%	6.3%	

[1] Based on City/District Staff direction

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, \$5.76 per ccf in FY 2021. Likewise, the District's meter charges recover fixed expenditures, expenditures that are fixed regardless of amount of water that is consumed, \$23.85 for a ¾" meter in FY 2021.

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.

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 District historical water use trends from the prior year. The trend has been an increase in residential and irrigation water usage and a decline in commercial water 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	2021
Fixed Meter Charge	
Monthly Meter Charge	
<u>Meter Size</u>	
3/4"	\$23.85
1"	\$39.75
1-1/2"	\$95.40
2"	\$127.20
3"	\$278.25
4"	\$500.85
6"	\$1,113.00
8" or greater	\$1,908.00
Bi-Monthly Water Consumption Tiers and Rates	
<u>Single Family Residential</u>	
Tier 1 0-20 per ccf	\$5.76
Tier 2 Over 20 ccf	\$6.41
<u>Multi-Family Residential</u>	
Tier 1 0-10 ccf per living unit	\$5.76
Tier 2 Over 10 ccf per living unit	\$6.46
<u>Irrigation Customers</u>	
Tier 1 <=100% of annual budget	\$5.76
Tier 2 >100% of annual budget	\$6.39
<u>Commercial and Fire Line</u>	
All usage	\$5.88
Monthly Private Fire Protection Charge	
<u>Meter Size</u>	
3/4"	\$33.39
1"	\$33.39
1-1/2"	\$33.39
2"	\$44.60
3"	\$97.31
4"	\$175.30
6"	\$389.47
8" or greater	\$667.80

Low Income Discount

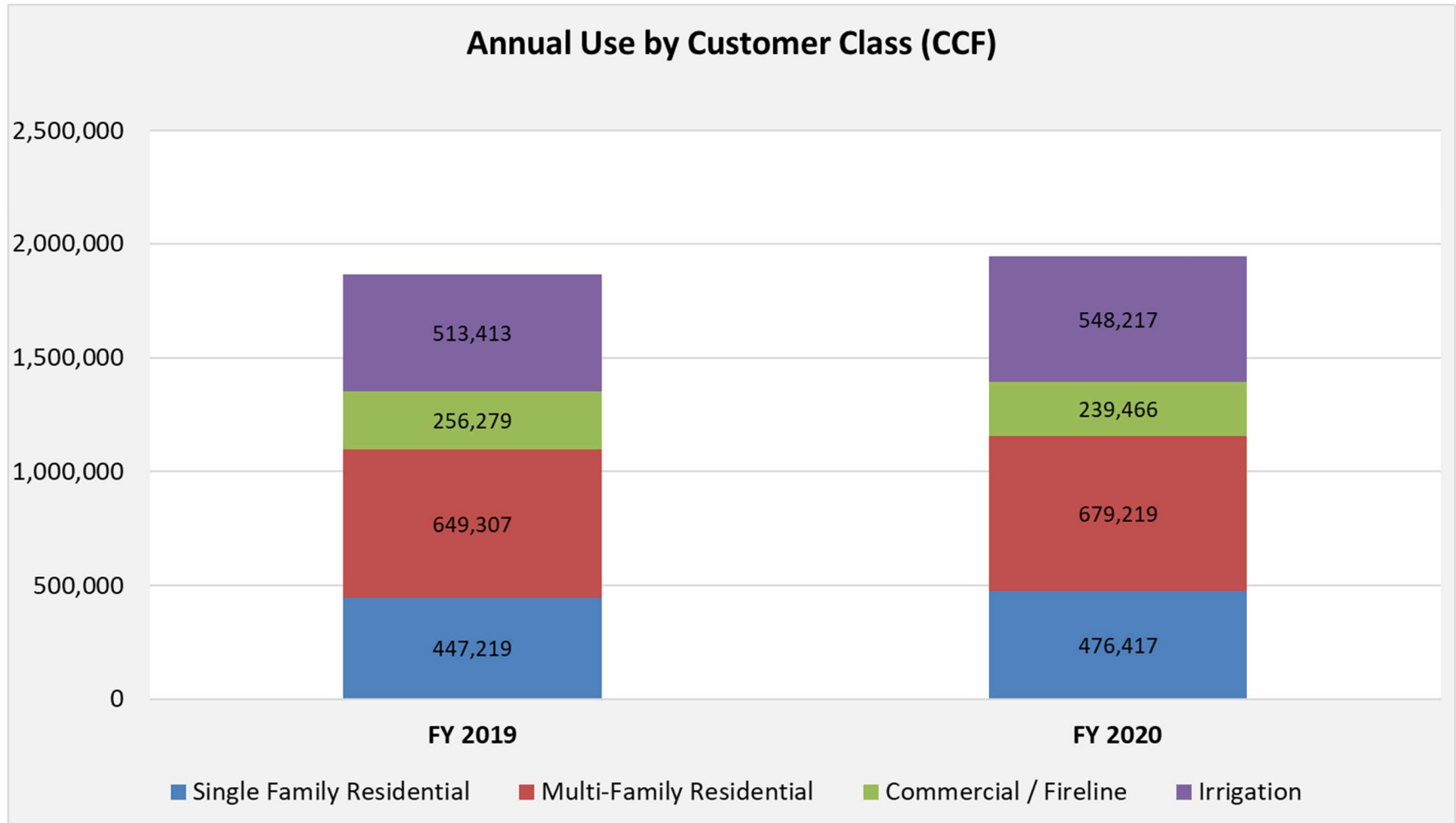
Currently Foster City has 5 customers enrolled in the Water/Wastewater Rate Assistance Program (WWRAP), which was implemented in 2020. Customers meeting the eligibility and qualification requirements below are granted a discount of up to \$15 per month each on their qualifying Water and Wastewater accounts, 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.

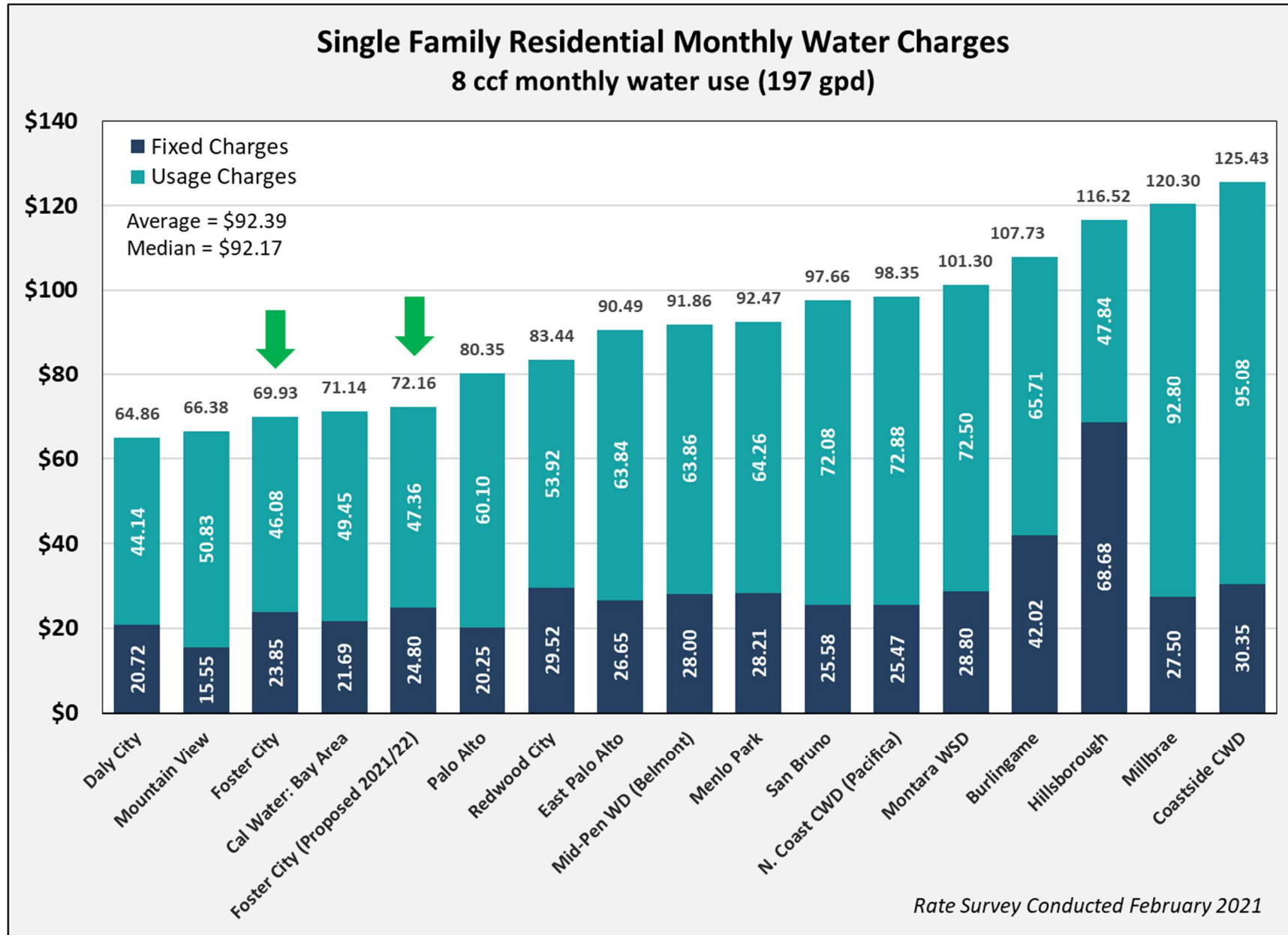
According to Pacific Gas & Electric, 680 customers are enrolled in the PG&E CARE Program in Foster City. BWA estimates that approximately 227 of these customers are single family residential and therefore would be eligible for the discount. Multifamily units would not be eligible for the discount because 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				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Assumptions:											
Interest Earnings Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Revenue Increase from Growth [1]	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Fixed Charge	\$23.85	\$24.80	\$25.80	\$26.85	\$27.90	\$29.00	\$30.15	\$31.30	\$32.40	\$33.35	\$34.35
Fixed Rate Adjustment		4.0%	4.0%	4.1%	3.9%	3.9%	4.0%	3.8%	3.5%	2.9%	3.0%
SFR Variable Charge	\$5.76	\$5.92	\$6.08	\$6.24	\$6.41	\$6.63	\$6.91	\$7.23	\$7.57	\$7.93	\$8.30
Variable Rate Adjustment		2.8%	2.7%	2.6%	2.7%	3.4%	4.2%	4.6%	4.7%	4.8%	4.7%
Monthly Service Charge Single Family (8 ccf)	\$69.93	\$72.16	\$74.44	\$76.77	\$79.18	\$82.04	\$85.43	\$89.14	\$92.96	\$96.79	\$100.75
Rate Adjustment		3.2%	3.2%	3.1%	3.1%	3.6%	4.1%	4.3%	4.3%	4.1%	4.1%
Beginning Fund Balance	\$4,919,670	\$6,532,000	\$7,705,900	\$9,010,200	\$9,194,500	\$9,434,700	\$9,244,500	\$9,098,500	\$9,017,500	\$9,002,500	\$9,012,500
Revenues											
Water Sales & Service Charges											
<i>Meter Charge Revenue Estimate</i>											
	5,517,000	5,750,000	5,997,000	6,256,000	6,518,000	6,792,000	7,079,000	7,367,000	7,645,000	7,889,000	8,145,000
<i>Volumetric Revenue Estimate</i>											
	11,454,000	11,798,000	12,132,000	12,452,000	12,819,000	13,272,000	13,867,000	14,537,000	15,249,000	16,010,000	16,790,000
Connection Fees [1]	228,250	0	0	0	0	0	0	0	0	0	0
Interest Earnings - Operating Reserve [2]	25,000	33,000	39,000	45,000	46,000	47,000	46,000	45,000	45,000	45,000	45,000
Interest Earnings - Capital Improvement Fund [3]	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Other	0	0	0	0	0	0	0	0	0	0	0
Operating Revenues	17,276,250	17,633,000	18,220,000	18,805,000	19,435,000	20,163,000	21,044,000	22,001,000	22,991,000	23,996,000	25,032,000
Expenses											
Employee Services											
	2,362,154	2,447,311	2,545,204	2,647,012	2,752,892	2,863,008	2,978,000	3,097,000	3,221,000	3,350,000	3,484,000
Internal Services - Others											
	771,079	812,402	832,712	853,529	874,868	896,739	919,000	942,000	966,000	990,000	1,015,000
Internal Services - ERF											
	443,967	633,532	649,370	665,605	682,245	699,301	717,000	735,000	753,000	772,000	791,000
Services & Supplies											
	598,901	611,900	627,198	642,877	658,949	675,423	692,000	709,000	727,000	745,000	764,000
SFPUC Water Purchases											
	9,055,317	9,077,000	9,295,000	10,815,000	11,198,000	12,159,000	12,791,000	13,472,000	14,178,000	14,933,000	15,714,000
BAWSCA Bond Repayment											
	820,775	810,408	870,000	870,000	870,000	870,000	870,000	870,000	870,000	870,000	870,000
Reallocation											
	1,207,174	1,186,591	1,216,256	1,246,662	1,277,829	1,309,774	1,343,000	1,377,000	1,411,000	1,446,000	1,482,000
Capital Outlay											
	0	0	0	0	0	0	0	0	0	0	0
Operating Expenses	15,259,367	15,579,144	16,035,739	17,740,685	18,314,783	19,473,246	20,310,000	21,202,000	22,126,000	23,106,000	24,120,000
Operating Net Revenues	2,016,883	2,053,856	2,184,261	1,064,315	1,120,217	689,754	734,000	799,000	865,000	890,000	912,000
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 [4]	205,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000
Total Expenses	15,664,367	16,459,144	16,915,739	18,620,685	19,194,783	20,353,246	21,190,000	22,082,000	23,006,000	23,986,000	25,000,000
Revenues Less O&M Expenses	2,016,883	2,053,856	2,184,261	1,064,315	1,120,217	689,754	734,000	799,000	865,000	890,000	912,000
Revenues Less Total Expenses	1,611,883	1,173,856	1,304,261	184,315	240,217	(190,246)	(146,000)	(81,000)	(15,000)	10,000	32,000
Ending Fund Balance	6,531,553	7,705,856	9,010,161	9,194,515	9,434,717	9,244,454	9,098,500	9,017,500	9,002,500	9,012,500	9,044,500
Revenue Test: Annual Revenues > O&M Expenses											
Annual Revenues Less O&M Expenses	2,016,883	2,053,856	2,184,261	1,064,315	1,120,217	689,754	734,000	799,000	865,000	890,000	912,000
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	6,531,553	7,705,856	9,010,161	9,194,515	9,434,717	9,244,454	9,098,500	9,017,500	9,002,500	9,012,500	9,044,500
25% operating expenses	3,760,000	3,840,000	3,950,000	4,370,000	4,520,000	4,800,000	5,010,000	5,230,000	5,460,000	5,700,000	5,950,000
# of Days O&M in Reserves	156	181	205	189	188	173	164	155	149	142	137
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

[1] Estimated for planning purposes
 [2] Calculated as 0.5% of the Beginning Fund Balance of the Water Revenue Fund
 [3] Calculated as 0.5% of the Beginning Fund Balance of the Water Capital Improvement Project Fund
 [4] 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				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fixed Meter Charge Increase		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.75%	3.50%	3.00%	3.00%
Fixed Revenues +/- 5% of Fixed Costs?		NO	NO	YES	YES	YES	YES	YES	YES	YES	YES
Reserves % Above (Below) Reserve Target		200.7%	228.1%	210.4%	208.7%	192.6%	181.6%	172.4%	164.9%	158.1%	152.0%
Reserve Target Met?		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Revenue Estimates											
Meter Charge Revenue	\$ 5,517,000	\$ 5,750,000	\$ 5,997,000	\$ 6,256,000	\$ 6,518,000	\$ 6,792,000	\$ 7,079,000	\$ 7,367,000	\$ 7,645,000	\$ 7,889,000	\$ 8,145,000
Other Fixed Revenue	\$ 305,250	\$ 85,000	\$ 91,000	\$ 97,000	\$ 98,000	\$ 99,000	\$ 98,000	\$ 97,000	\$ 97,000	\$ 97,000	\$ 97,000
Volumetric Revenue	\$ 11,454,000	\$ 11,796,000	\$ 12,133,000	\$ 12,459,000	\$ 12,825,000	\$ 13,272,000	\$ 13,866,000	\$ 14,535,000	\$ 15,248,000	\$ 16,012,000	\$ 16,792,000
Total Projected	\$ 17,276,250	\$ 17,631,000	\$ 18,221,000	\$ 18,812,000	\$ 19,441,000	\$ 20,163,000	\$ 21,043,000	\$ 21,999,000	\$ 22,990,000	\$ 23,998,000	\$ 25,034,000
Total Projected Revenue (Rounded '000's)	\$ 17,276,000	\$ 17,631,000	\$ 18,221,000	\$ 18,812,000	\$ 19,441,000	\$ 20,163,000	\$ 21,043,000	\$ 21,999,000	\$ 22,990,000	\$ 23,998,000	\$ 25,034,000
	\$17,276,250	\$17,633,000	\$18,220,000	\$18,805,000	\$19,435,000	\$20,163,000	\$21,044,000	\$22,001,000	\$22,991,000	\$23,996,000	\$25,032,000
Revenue Allocation											
Fixed	33.7%	33.1%	33.4%	33.8%	34.0%	34.2%	34.1%	33.9%	33.7%	33.3%	32.9%
Variable	66.3%	66.9%	66.6%	66.2%	66.0%	65.8%	65.9%	66.1%	66.3%	66.7%	67.1%
Costs Estimates											
Fixed Costs [1]	\$5,588,275	\$6,371,736	\$6,550,739	\$6,735,685	\$6,926,783	\$7,124,246	\$7,329,000	\$7,540,000	\$7,758,000	\$7,983,000	\$8,216,000
Variable Costs [2]	\$10,076,092	\$10,087,408	\$10,365,000	\$11,885,000	\$12,268,000	\$13,229,000	\$13,861,000	\$14,542,000	\$15,248,000	\$16,003,000	\$16,784,000
Total Projected Costs	\$15,664,367	\$16,459,144	\$16,915,739	\$18,620,685	\$19,194,783	\$20,353,246	\$21,190,000	\$22,082,000	\$23,006,000	\$23,986,000	\$25,000,000
Net Revenue											
Fixed Charges	\$233,975	-\$536,736	-\$462,739	-\$382,685	-\$310,783	-\$233,246	-\$152,000	-\$76,000	-\$16,000	\$3,000	\$26,000
Volumetric Charges	\$1,377,908	\$1,708,592	\$1,768,000	\$574,000	\$557,000	\$43,000	\$5,000	-\$7,000	\$0	\$9,000	\$8,000
Total	\$1,611,883	\$1,171,856	\$1,305,261	\$191,315	\$246,217	-\$190,246	-\$147,000	-\$83,000	-\$16,000	\$12,000	\$34,000
Cost Analysis											
Fixed	35.7%	38.7%	38.7%	36.2%	36.1%	35.0%	34.6%	34.1%	33.7%	33.3%	32.9%
Variable	64.3%	61.3%	61.3%	63.8%	63.9%	65.0%	65.4%	65.9%	66.3%	66.7%	67.1%
Meter Charge Calculation											
<i>Monthly charge per meter equivalent</i> (Rounded to nearest \$0.05)	\$ 23.85	\$ 24.80	\$ 25.80	\$ 26.85	\$ 27.90	\$ 29.00	\$ 30.15	\$ 31.30	\$ 32.40	\$ 33.35	\$ 34.35
Annual charge per meter equivalent	\$ 286.20	\$ 297.60	\$ 309.60	\$ 322.20	\$ 334.80	\$ 348.00	\$ 361.80	\$ 375.60	\$ 388.80	\$ 400.20	\$ 412.20
Meter equivalents [3]	19,274	19,322	19,370	19,418	19,467	19,516	19,565	19,614	19,663	19,712	19,761
Meter Charge Revenue Estimate	\$ 5,517,000	\$ 5,750,000	\$ 5,997,000	\$ 6,256,000	\$ 6,518,000	\$ 6,792,000	\$ 7,079,000	\$ 7,367,000	\$ 7,645,000	\$ 7,889,000	\$ 8,145,000
Volumetric Rate Calculation											
EMID Proposed Uniform Rate	\$5.88	\$ 6.04	\$ 6.20	\$ 6.35	\$ 6.52	\$ 6.73	\$ 7.01	\$ 7.33	\$ 7.67	\$ 8.03	\$ 8.40
Projected annual water sales (ccf) [4]	1,948,000	1,953,000	1,957,000	1,962,000	1,967,000	1,972,000	1,978,000	1,983,000	1,988,000	1,994,000	1,999,000
Variable revenue estimate	\$11,454,000	\$11,796,000	\$12,133,000	\$12,459,000	\$12,825,000	\$13,272,000	\$13,866,000	\$14,535,000	\$15,248,000	\$16,012,000	\$16,792,000
% Spread between EMID and SFPUC Surcharge											
	43.4%	47.3%	48.0%	30.4%	29.6%	23.5%	22.6%	22.0%	21.6%	21.1%	20.7%
SFPUC PROJECTED RATES	\$4.10	\$4.10	\$4.19	\$4.87	\$5.03	\$5.45	\$5.72	\$6.01	\$6.31	\$6.63	\$6.96
Increase (Decrease) %		0.0%	2.2%	16.2%	3.3%	8.3%	5.0%	5.1%	5.0%	5.1%	5.0%
BAWSCA Surcharge	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37
SFPUC Rate + BAWSCA Surcharge	\$4.47	\$4.47	\$4.56	\$5.24	\$5.40	\$5.82	\$6.09	\$6.38	\$6.68	\$7.00	\$7.33
EMID Fixed Meter Charge Increase (Decrease)		4.0%	4.0%	4.1%	3.9%	3.9%	4.0%	3.8%	3.5%	2.9%	3.0%
EMID Volumetric Rate Increase (Decrease)		2.7%	2.6%	2.4%	2.7%	3.2%	4.2%	4.6%	4.6%	4.7%	4.6%

Note:
 [1] Includes: Employee Services, Internal Services - Other, Internal Services - ERF, Services & Supplies, Reallocation, Capital Outlay, Capital Improvement Fund Transfers, and net revenues for the operating fund.
 [2] Includes: SFPUC Water Purchases, BAWSCA Bond Repayment, and Water Sustainability Fund Transfers.
 [3] 0.25% growth estimated for planning purposes
 [4] Includes 11% 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	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Monthly Meter Charge											
3/4"	\$23.85	\$24.80	\$25.80	\$26.85	\$27.90	\$29.00	\$30.15	\$31.30	\$32.40	\$33.35	\$34.35
1"	39.75	41.33	43.00	44.75	46.50	48.33	50.25	52.17	54.00	55.58	57.25
1-1/2"	95.40	99.20	103.20	107.40	111.60	116.00	120.60	125.20	129.60	133.40	137.40
2"	127.20	132.27	137.60	143.20	148.80	154.67	160.80	166.93	172.80	177.87	183.20
3"	278.25	289.33	301.00	313.25	325.50	338.33	351.75	365.17	378.00	389.08	400.75
4"	500.85	520.80	541.80	563.85	585.90	609.00	633.15	657.30	680.40	700.35	721.35
6"	1,113.00	1,157.33	1,204.00	1,253.00	1,302.00	1,353.33	1,407.00	1,460.67	1,512.00	1,556.33	1,603.00
8" or greater	1,908.00	1,984.00	2,064.00	2,148.00	2,232.00	2,320.00	2,412.00	2,504.00	2,592.00	2,668.00	2,748.00
Conservation-Based Water Rate Model (based on bi-monthly allotments)											
Single Family Residential											
Tier 1 0-20 per ccf	5.76	5.92	6.08	6.24	6.41	6.63	6.91	7.23	7.57	7.93	8.30
Tier 2 Over 20 ccf	6.41	6.55	6.70	6.79	6.96	7.15	7.43	7.75	8.09	8.44	8.81
Multi-Family Residential (per living unit)											
Tier 1 0-10 ccf per living unit	5.76	5.92	6.08	6.24	6.41	6.63	6.91	7.23	7.57	7.93	8.30
Tier 2 Over 10 ccf per living unit	6.46	6.57	6.72	6.81	6.98	7.17	7.45	7.77	8.11	8.46	8.83
Irrigation Customers											
Tier 1 <=100% of annual budget	5.76	5.92	6.08	6.24	6.41	6.63	6.91	7.23	7.57	7.93	8.30
Tier 2 >100% of annual budget	6.39	6.51	6.66	6.76	6.93	7.12	7.40	7.73	8.06	8.42	8.79
Commercial and Fire Line Customers											
Base Consumption Rate	5.88	6.04	6.20	6.35	6.52	6.73	7.01	7.33	7.67	8.03	8.40
Monthly Fire Meter Charge											
3/4"	33.39	34.72	36.12	37.59	39.06	40.60	42.21	43.82	45.36	46.69	48.09
1"	33.39	34.72	36.12	37.59	39.06	40.60	42.21	43.82	45.36	46.69	48.09
1-1/2"	33.39	34.72	36.12	37.59	39.06	40.60	42.21	43.82	45.36	46.69	48.09
2"	44.60	46.38	48.25	50.21	52.17	54.23	56.38	58.53	60.59	62.36	64.23
3"	97.31	101.18	105.26	109.55	113.83	118.32	123.01	127.70	132.19	136.07	140.15
4"	175.30	182.28	189.63	197.35	205.07	213.15	221.60	230.06	238.14	245.12	252.47
6"	389.47	404.98	421.31	438.46	455.61	473.57	492.35	511.13	529.09	544.61	560.94
8" or greater	667.80	694.40	722.40	751.80	781.20	812.00	844.20	876.40	907.20	933.80	961.80
(Minimum charge is equivalent to 1-1/2" meter charge)											

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

		Current	FY2022	
		Rates	Two Tier Hybrid Model	
Monthly meter charge		\$23.85		\$24.80
% Change				4.0%
Single Family Residential				
Bi-Monthly Tiers				
Tier 1: 0 to 20 ccf		\$5.76		\$5.92
Tier 2: over 20 ccf		\$6.41		\$6.55
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>			<u>Monthly Bill</u>
Low User	5	\$52.65		\$54.40
\$ Increase				1.75
% Increase				3.3%
Average User	8	\$69.93		\$72.16
\$ Increase				2.23
% Increase				3.2%
High User	10	\$81.45		\$84.00
\$ Increase				2.55
% Increase				3.1%
Very High User	20	\$139.05		\$149.50
\$ Increase				10.45
% Increase				7.5%
Excessive User	50	\$331.35		\$346.00
\$ Increase				14.65
% Increase				4.4%

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

Projected Water Bills	Current	Fiscal Year Ending June 30					Extended Year Projection				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<u>Two Tier Hybrid Model</u>											
Single Family Residential Monthly Rate	\$69.93	\$72.16	\$74.44	\$76.77	\$79.18	\$82.04	\$85.43	\$89.14	\$92.96	\$96.79	\$100.75
\$ Increase		2.23	2.28	2.33	2.41	2.86	3.39	3.71	3.82	3.83	3.96
% Increase		3.2%	3.2%	3.1%	3.1%	3.6%	4.1%	4.3%	4.3%	4.1%	4.1%

Based on Single Family Residential Use of 8 ccf

Wastewater Enterprise Fund

There are approximately 13,889 wastewater accounts serviced by the District. The majority of accounts are residential with the remainder consisting of commercial and institutional accounts as shown in Table 1.

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

Data as of: 02/04/21

Customer Class	Number of Accounts
Residential	
Single Family	4,531
Townhouse/Duplex	2,224
Apartment/Condominium (Pools w/ Restrooms)	<u>6,884</u>
Residential Total	13,639
Commercial	
Restaurants	45
Commercial/Hotels/Offices/Industrial/Laundromats	<u>170</u>
Commercial Total	215
Institutional	
Institutional/Schools	<u>35</u>
Institutional Total	35
Total	13,889

Source: Cognos Sewer Customer Count Report

The District has approximately \$13,709,904 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 million).

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

Fund Reserve Component	July 1, 2020
	Balance
Reserved for Maintenance & Operation	<u>\$13,709,904</u>
Total	\$13,709,904

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 2021
Residential (flat monthly rate)	
Single Family	\$97.34
Townhouse/Duplex	81.77
Apartment/Condominium (Pools w/ Restrooms)	81.77
Commercial (rate per ccf of water use)	
Restaurants	17.69
Commercial/Hotels/Offices/Industrial/Laundromats	6.22
Institutional (rate per ccf of water use)	
Institutional/Schools	4.09

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 22%.

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

Expenditures	FY2021 Budget	Five Year Projection					Annual % Increase [1]
		FY2022	FY2023	FY2024	FY2025	FY2026	
Employee Services	\$2,440,195	\$2,704,665	\$2,812,852	\$2,925,366	\$3,042,381	\$3,164,076	4.0%
Internal Services (from City)	881,873	918,978	941,952	965,501	989,639	1,014,380	2.5%
Internal Services -ERF	269,346	254,683	261,050	267,576	274,265	281,122	2.5%
Services & Supplies	600,550	600,550	615,564	630,953	646,727	662,895	2.5%
EMID Share WWTP O&M	2,900,000	2,900,000	3,045,000	3,197,250	3,357,113	3,524,969	5.0%
EMID Share WWTP Capital Improvement:	0	0	0	0	0	0	N/A
Reallocation	<u>788,397</u>	<u>889,721</u>	<u>911,964</u>	<u>934,763</u>	<u>958,132</u>	<u>982,085</u>	2.5%
TOTAL O&M Expenditures	\$7,880,361	\$8,268,597	\$8,588,382	\$8,921,409	\$9,268,257	\$9,629,527	
		4.9%	3.9%	3.9%	3.9%	3.9%	

[1] Based on historical results

Wastewater Financial Projections

Wastewater projections are shown in APPENDIX E.

San Mateo-Foster City Public Financing Authority:

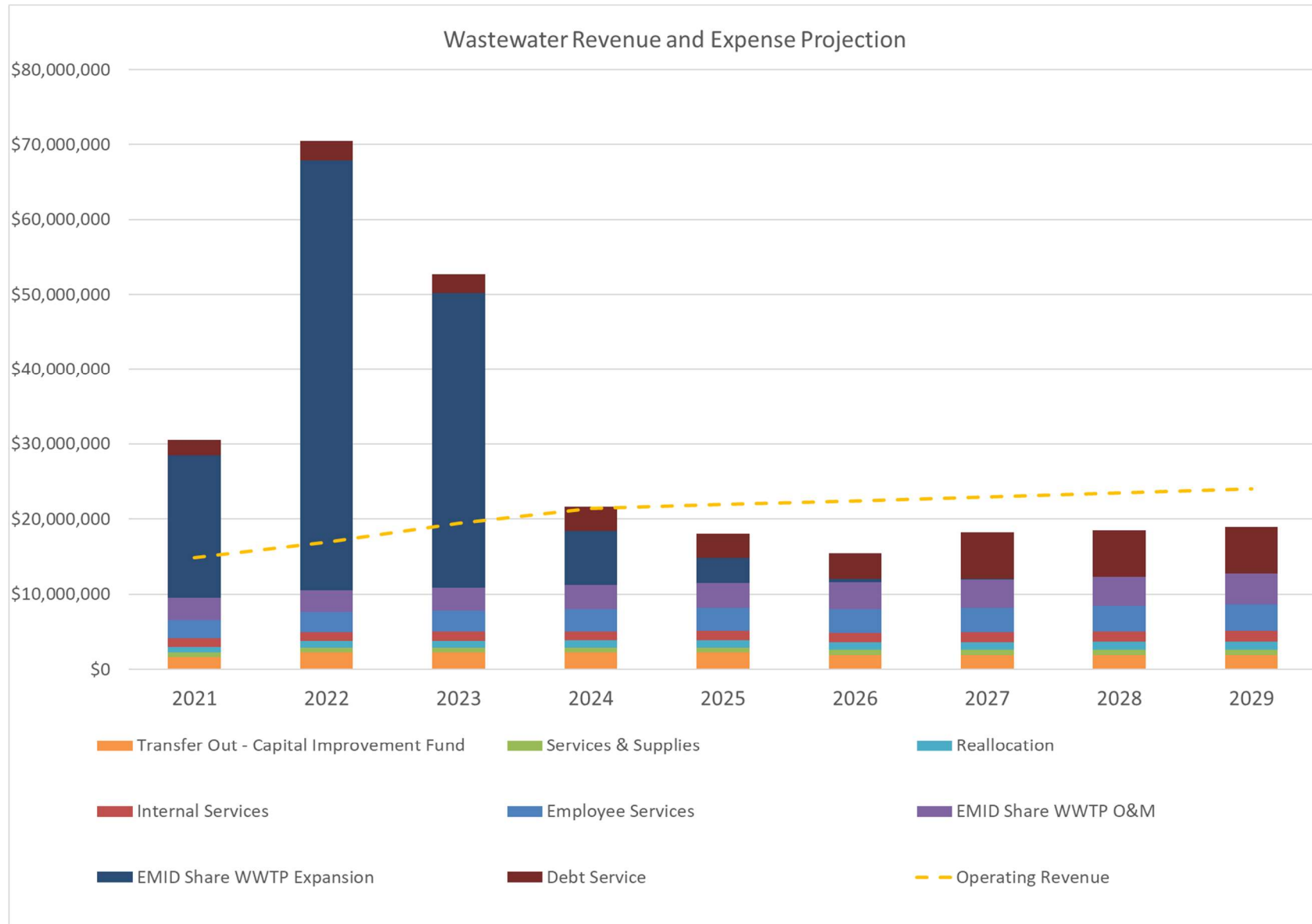
Projections anticipate a \$117.8 million of debt issuances between FY 2021 and FY 2026 (\$66.9 MM of WIFIA proceeds, \$17.3 MM of bonds, and \$33.7 SRF loans) to fund WWTP expansion costs. BWA projects that the approved rate increases are adequate to secure projected debt issuances over the next several years. Additional increases of 2% thereafter are recommended to keep rates in line with inflation.

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 \$6.2 MM by FY 2027.

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

Debt Service	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
2019 WIFIA Loan	\$0	\$0	\$0	\$0	\$0	\$381,106	\$2,631,451	\$2,631,450	\$2,631,451	\$2,631,450	\$2,631,451
2019 Financing Agreement	2,083,625	2,087,125	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
2020 Construction Note	0	441,276	481,392	481,392	481,392	240,696	0	0	0	0	0
<u>2023 SRF Loan / Bonds</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>660,900</u>	<u>660,900</u>	<u>660,900</u>	<u>1,475,900</u>	<u>1,474,600</u>	<u>1,473,000</u>	<u>1,476,100</u>	<u>1,473,800</u>
Total Debt Service	\$2,083,625	\$2,528,401	\$2,565,642	\$3,227,292	\$3,226,542	\$3,369,577	\$6,195,101	\$6,192,925	\$6,188,701	\$6,192,300	\$6,193,376

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

**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
Warehouses
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
Parking Garages

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	$SF = (\text{Flow}(\text{gpd})/200) * (0.33 + (0.34 * \text{BOD}(\text{mg/l})/240) + (0.33 * \text{TSS}(\text{mg/l})/240))$			

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).

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).

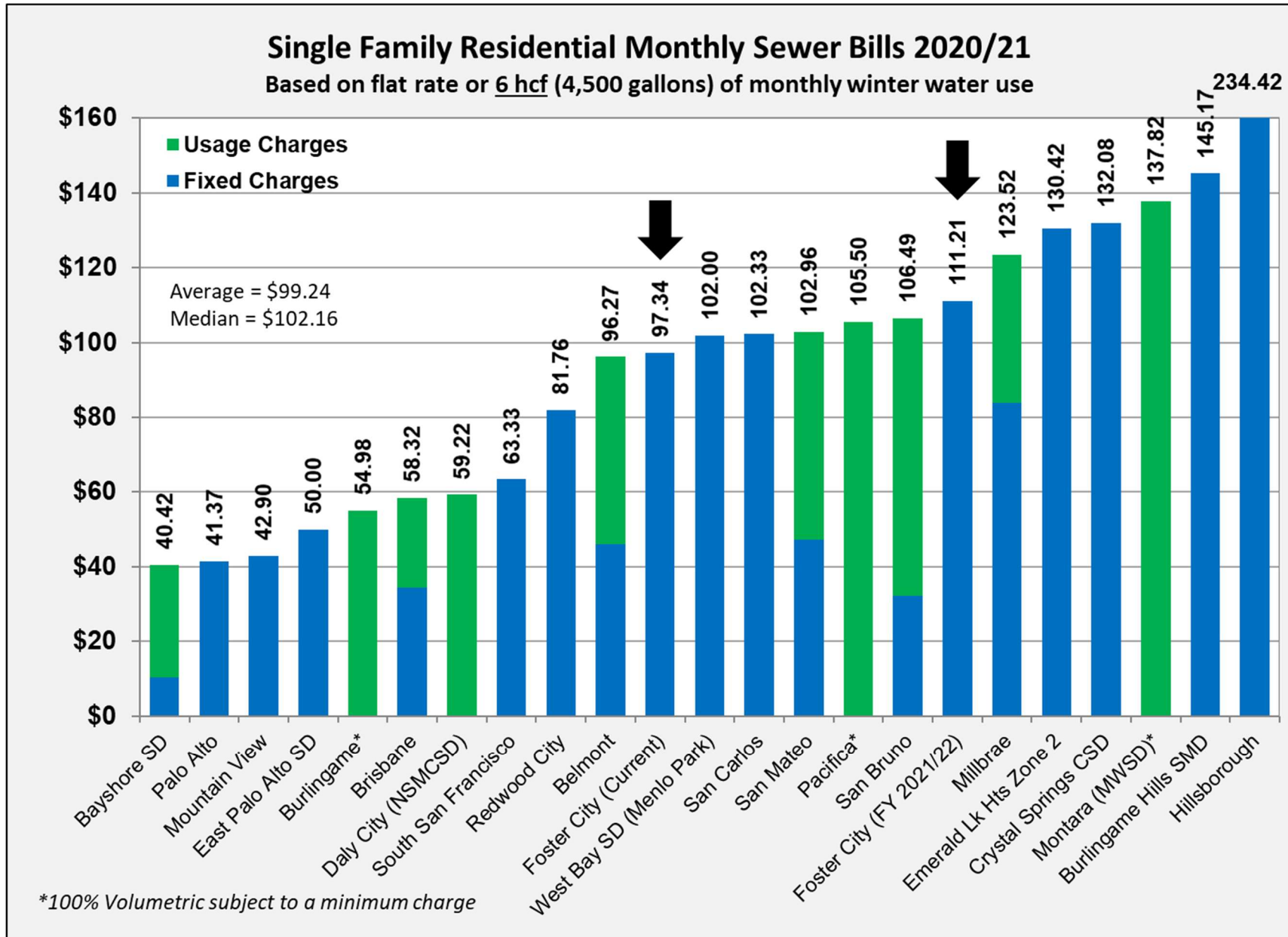
Multi-family dwellings are billed based on an estimated flow of 168 gpd or 0.84 times the single family flow. As a check, the mass balance in Table 8 compares the total calculated and measured daily wastewater flows for Foster City (average dry weather flow).

The results agree well with the estimated daily flow at 2.63 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 2021 Estimate EDU x Flow ADWF Flow (gal/day)	BOD ³ (mg/l)	TSS ⁴ (mg/l)	Calculated Current Rate
Residential							
Single Family Residential	4,531		200	906,200	240	240	97.34
Townhouse/Duplex	2,224		168	373,632	240	240	81.77
Apartment/Condos	6,884		168	1,156,512	240	240	81.77
Subtotal				2,436,344			
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	56,087	65%	36,457	135	100	4.09
Medium/Domestic Strength	170	223,968	53%	118,546	240	240	6.22
High Strength	45	58,543	70%	40,980	1000	800	17.69
Subtotal		338,598		195,983			
Totals				2,632,327			
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				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Assumptions:											
Interest Earnings Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Revenue Increase from Growth		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Rate Adjustment		14.25%	14.25%	10.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Monthly Service Charge for Single Family	\$97.34	\$111.21	\$127.06	\$139.77	\$142.57	\$145.42	\$148.33	\$151.30	\$154.33	\$157.42	\$160.57
Beginning O&M Fund Balance	\$13,709,904	\$16,988,000	\$19,478,900	\$23,533,500	\$28,777,700	\$32,638,100	\$39,639,600	\$44,342,700	\$49,342,900	\$54,487,900	\$59,763,700
Operating Revenues											
Service Charges	14,727,000	16,862,000	19,307,000	21,286,000	21,765,000	22,255,000	22,756,000	23,268,000	23,792,000	24,327,000	24,874,000
Connection Fees [1]	45,500										
Interest Earnings [2]	68,550	85,000	97,000	118,000	144,000	163,000	198,000	222,000	247,000	272,000	299,000
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	14,842,050	16,948,000	19,405,000	21,405,000	21,910,000	22,419,000	22,955,000	23,491,000	24,040,000	24,600,000	25,174,000
Non Operating Revenue											
Bond / Loan [3]	18,962,626	55,975,350	37,357,363	5,503,392	0	0	0	0	0	0	0
Non Operating Revenue	18,962,626	55,975,350	37,357,363	5,503,392	0	0	0	0	0	0	0
Total Revenue	33,804,676	72,923,350	56,762,363	26,908,392	21,910,000	22,419,000	22,955,000	23,491,000	24,040,000	24,600,000	25,174,000
Operating Expenses											
Employee Services	2,440,195	2,704,665	2,812,852	2,925,366	3,042,381	3,164,076	3,290,639	3,422,265	3,559,156	3,701,522	3,849,583
Internal Services (from City)	881,873	918,978	941,952	965,501	989,639	1,014,380	1,039,740	1,065,734	1,092,377	1,119,686	1,147,678
Internal Services -ERF	269,346	254,683	261,050	267,576	274,265	281,122	288,150	295,354	302,738	310,306	318,064
Services & Supplies	600,550	600,550	615,564	630,953	646,727	662,895	679,467	696,454	713,865	731,712	750,005
EMID Share WWTP O&M	2,900,000	2,900,000	3,045,000	3,197,250	3,357,113	3,524,969	3,701,217	3,886,278	4,080,592	4,284,622	4,498,853
EMID Share WWTP Capital Improvements	0	0	0	0	0	0	0	0	0	0	0
Reallocation	788,397	889,721	911,964	934,763	958,132	982,085	1,006,637	1,031,803	1,057,598	1,084,038	1,111,139
Operating Expenses	7,880,361	8,268,597	8,588,382	8,921,409	9,268,257	9,629,527	10,005,850	10,397,888	10,806,326	11,231,886	11,675,322
Operating Net Revenue	6,961,689	8,679,403	10,816,618	12,483,991	12,641,743	12,789,473	12,949,150	13,093,112	13,233,674	13,368,114	13,498,678
Capital Expenses											
Transfer Out - Capital Improvement Fund	1,600,000	2,250,000	2,250,000	2,250,000	2,250,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
EMID Share WWTP Expansion	18,962,626	57,385,405	39,303,720	7,265,496	3,304,831	518,440	150,994	0	0	0	0
Capital Expenses	20,562,626	59,635,405	41,553,720	9,515,496	5,554,831	2,418,440	2,050,994	1,900,000	1,900,000	1,900,000	1,900,000
Annual Debt Service	2,083,625	2,528,401	2,565,642	3,227,292	3,226,542	3,369,577	6,195,101	6,192,925	6,188,701	6,192,300	6,193,376
Debt Service	2,083,625	2,528,401	2,565,642	3,227,292	3,226,542	3,369,577	6,195,101	6,192,925	6,188,701	6,192,300	6,193,376
Debt Coverage [4]	3.34	3.43	4.22	3.87	3.92	3.80	2.09	2.11	2.14	2.16	2.18
Total Expenditures	30,526,612	70,432,403	52,707,744	21,664,197	18,049,630	15,417,544	18,251,945	18,490,813	18,895,027	19,324,186	19,768,698
Revenues Less Total Expenditures	3,278,064	2,490,947	4,054,619	5,244,195	3,860,370	7,001,456	4,703,055	5,000,187	5,144,973	5,275,814	5,405,302
Ending O&M Fund	16,987,968	19,478,947	23,533,519	28,777,695	32,638,070	39,639,556	44,342,655	49,342,887	54,487,873	59,763,714	65,169,002
Cash Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses											
Year-end O&M Fund	16,987,968	19,478,947	23,533,519	28,777,695	32,638,070	39,639,556	44,342,655	49,342,887	54,487,873	59,763,714	65,169,002
25% Operating Expenses	1,970,090	2,067,149	2,147,096	2,230,352	2,317,064	2,407,382	2,501,463	2,599,472	2,701,582	2,807,972	2,918,831
# of Days O&M in Reserves	787	860	1,000	1,177	1,285	1,503	1,618	1,732	1,840	1,942	2,037
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

[1] Growth projections for planning purposes
 [2] Projected interest calculated as 0.5% 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				
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
% Rate Increase		14.25%	14.25%	10.00%	2.00%	2.00%
Residential (flat monthly rate)						
Single Family	\$97.34	\$111.21	\$127.06	\$139.77	\$142.57	\$145.42
<i>Increase (Decrease)</i>		13.87	15.85	12.71	2.80	2.85
Townhouse/Duplex	\$81.77	\$93.42	\$106.73	\$117.40	\$119.75	\$122.15
<i>Increase (Decrease)</i>		11.65	13.31	10.67	2.35	2.40
Apartment/Condominium (Pools w/ Restrooms)	\$81.77	\$93.42	\$106.73	\$117.40	\$119.75	\$122.15
<i>Increase (Decrease)</i>		11.65	13.31	10.67	2.35	2.40
Commercial (rate per ccf of water use)						
High Strength	\$17.69	\$20.21	\$23.09	\$25.40	\$25.91	\$26.43
<i>Increase (Decrease) per ccf</i>		2.52	2.88	2.31	0.51	0.52
Medium/Domestic Strength	\$6.22	\$7.11	\$8.12	\$8.93	\$9.11	\$9.29
<i>Increase (Decrease) per ccf</i>		0.89	1.01	0.81	0.18	0.18
Low Strength	\$4.09	\$4.67	\$5.34	\$5.87	\$5.99	\$6.11
<i>Increase (Decrease) per ccf</i>		0.58	0.67	0.53	0.12	0.12

CHART C

