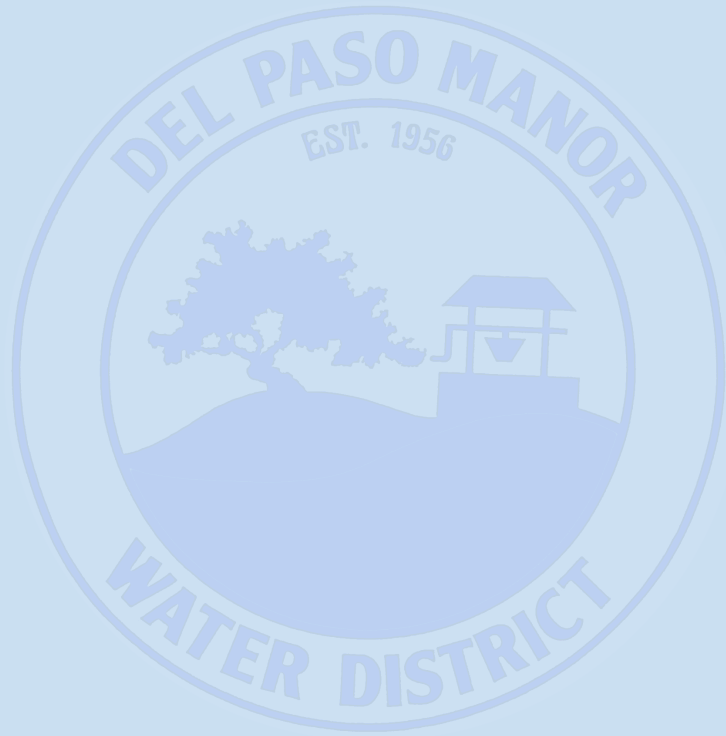


Del Paso Manor Water District 2023 Water Rate Study



Preliminary Findings &
Recommendations

DPMWD Board Meeting
January 17, 2023



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Proposition 218

Requirements

- Revenues cannot exceed the cost of providing service
- Revenues can only be used for the purpose they are imposed
- Charges cannot exceed the “proportional cost” of service attributable to each customer

Procedures

- Must mail notice of proposed rate increases & information on public hearing to affected property owners
- Hold public rate hearing at least 45 days after the notice is mailed
- Rates cannot be adopted if more than 50% of ratepayers submit written protests

Water System Overview



Water system is a self-supporting enterprise

Revenues must be sufficient to cover operating expenses



2022/23 Budget

Addresses staffing, maintenance, legal compliance issues



Capital Improvement Plan

Critical improvements to safety, quality and availability of water



Rates last increased in 2018
Capital projects were not addressed



Rates should be increased to reflect the latest cost of service

Can be spread out over time to reduce ratepayer burden

2023 Water Rate Study Overview

Financial Plan

Calculate rate revenue required to fund all costs
(% overall rate increase)

Cost of Service Study

Ensure rates are fair & equitable between customer classes

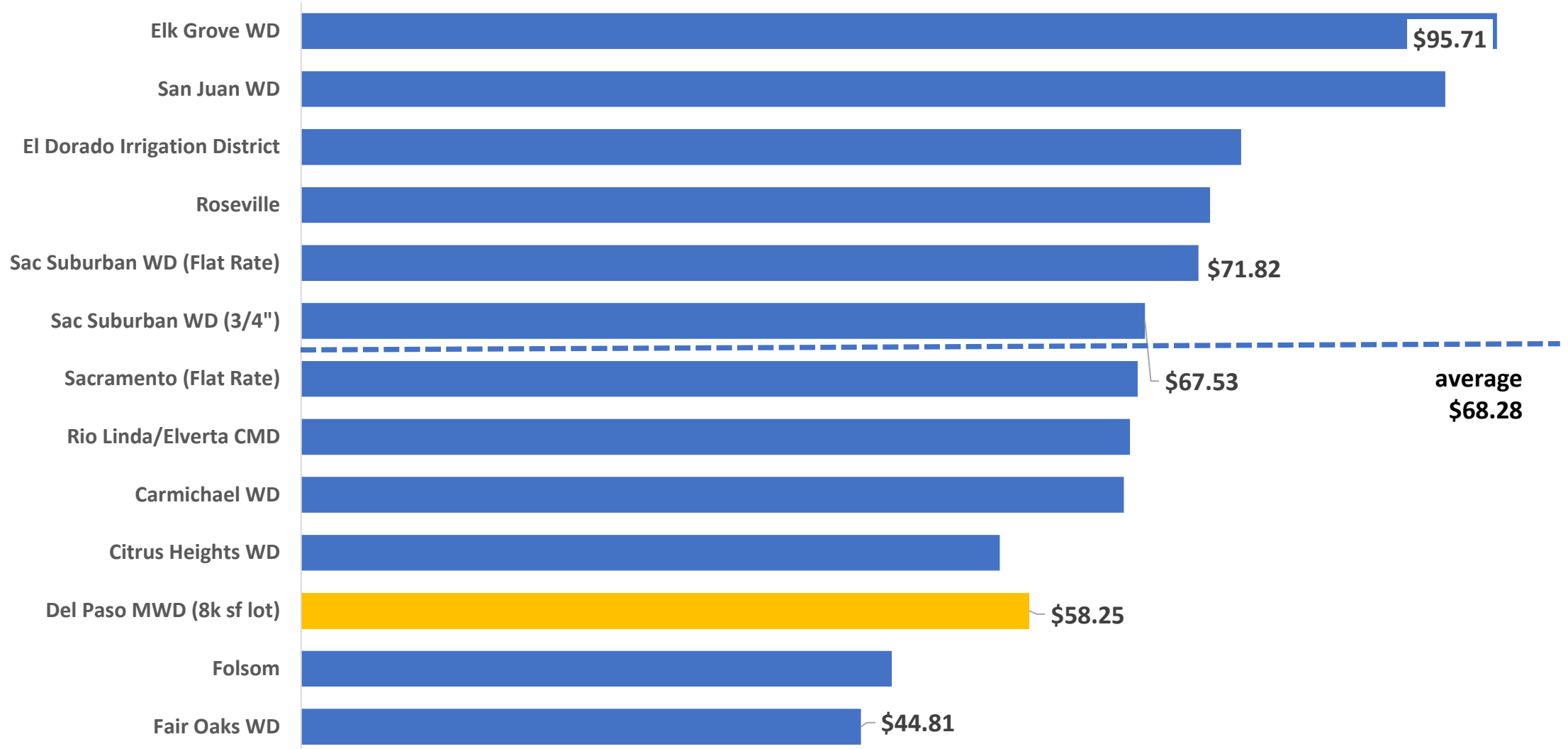
Rate Study Report

Final rate calculations and recommendations

Public Outreach & Prop 218 Notice

Seek/incorporate public feedback, hold workshops, Prop 218 procedures

Survey of Single Family Residential Monthly Water Bills



Financial Plan Objectives

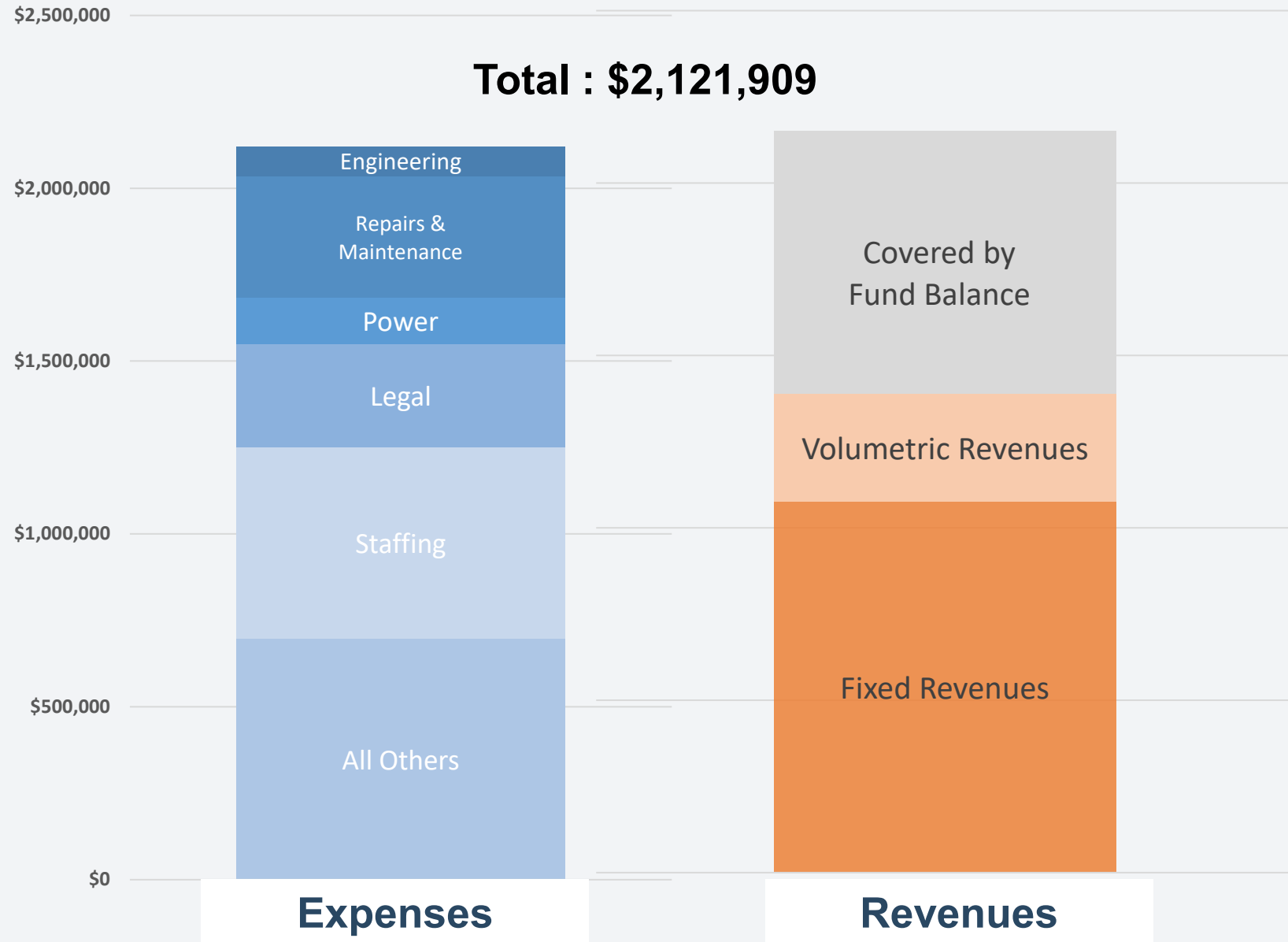
Fund All Operating, Maintenance and Debt Service Expenses

Adequate Reserve Fund Balance for Emergencies
Minimum = 6 months O&M + 1 year debt service

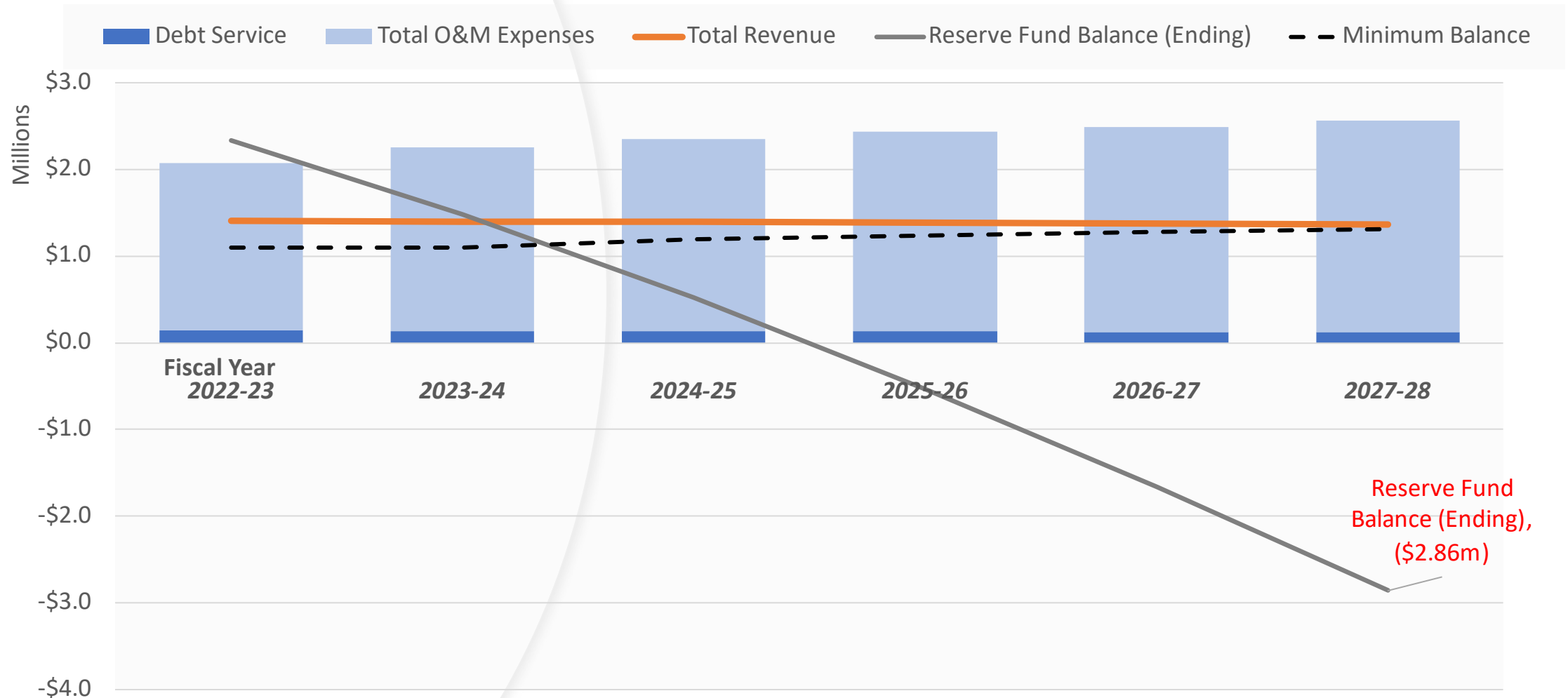
Core Projects in Capital Improvement Plan

Prepare to fund remaining pipeline & other CIP beyond Year 5

FY 2022/23 Operating Budget

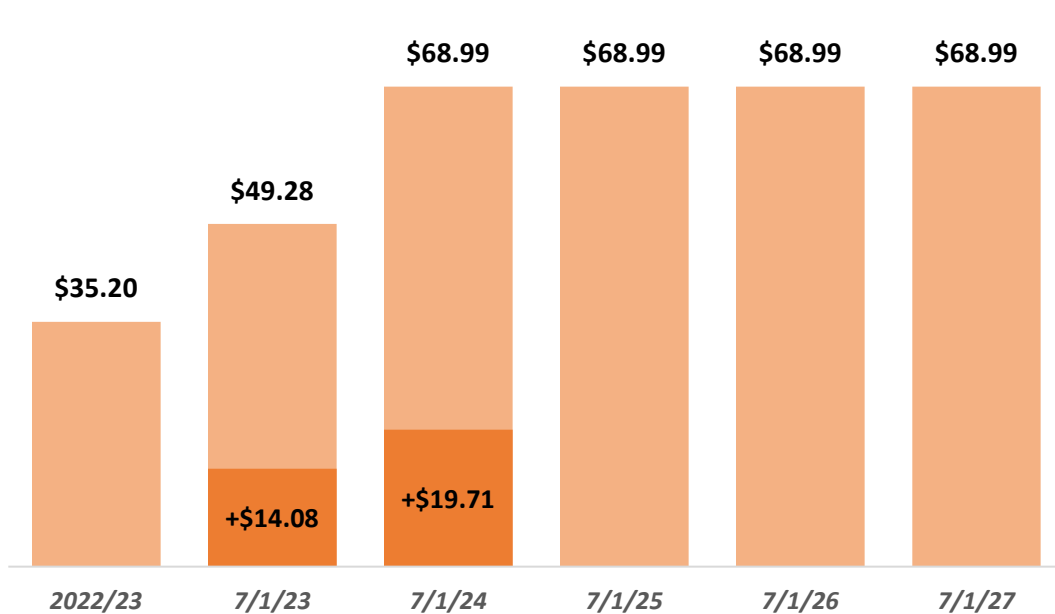


O&M Fund without Rate Increases



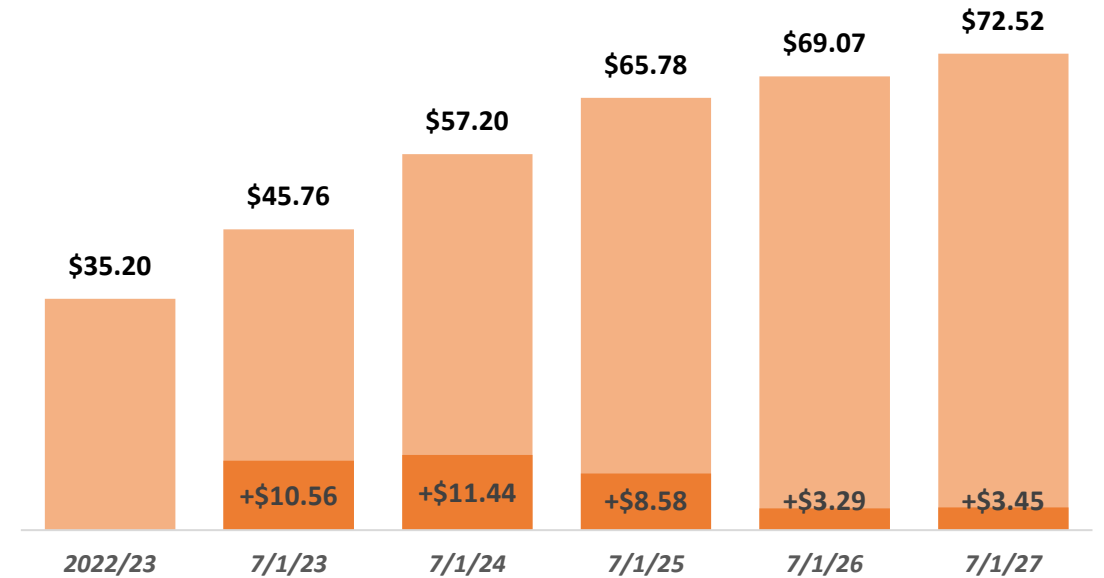
Does not include system maintenance charges or capital improvement funding

O&M Rate Increase Options



Upfront Rate Increases

*Resolve operating deficit in Year 2
Higher impact on ratepayers*

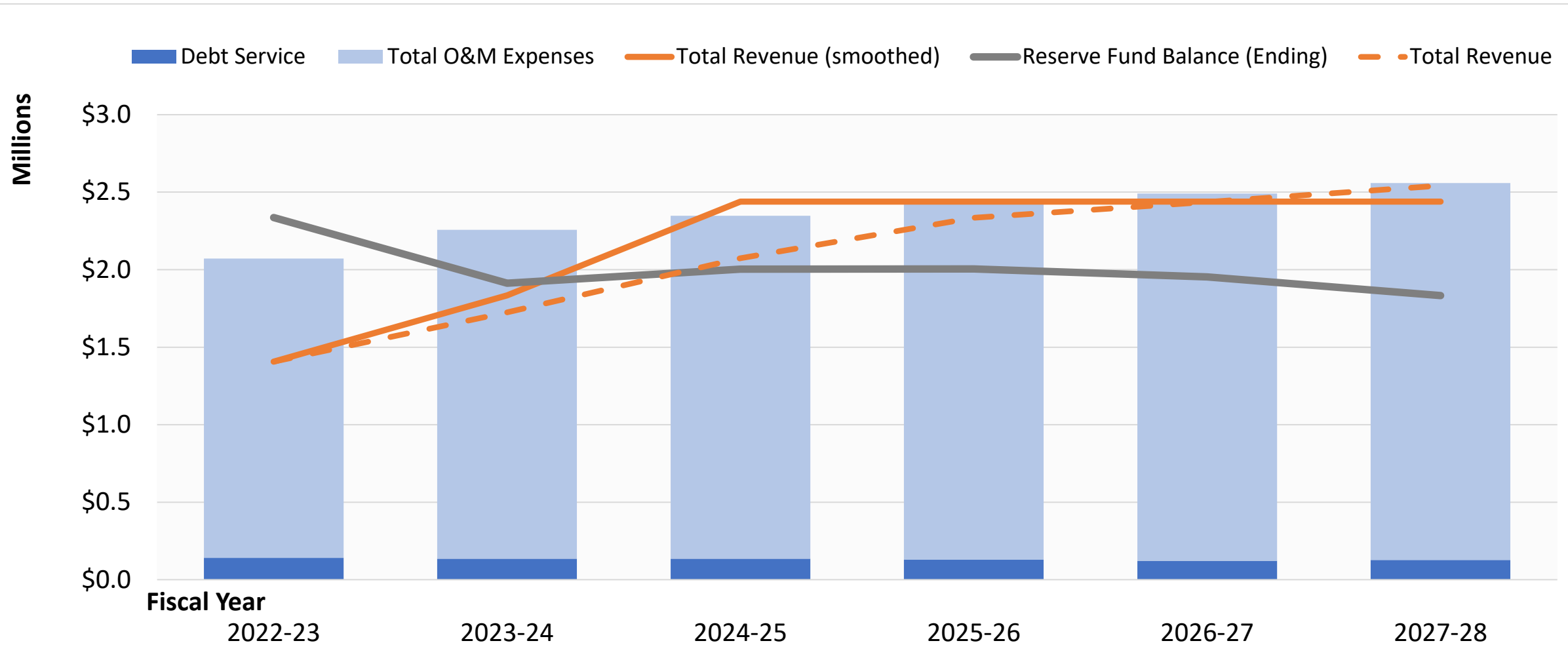


Smoothed Rate Increases

*Resolve operating deficit in Year 4
Reduced impact on ratepayers*

Does not include system maintenance charges or capital improvement funding

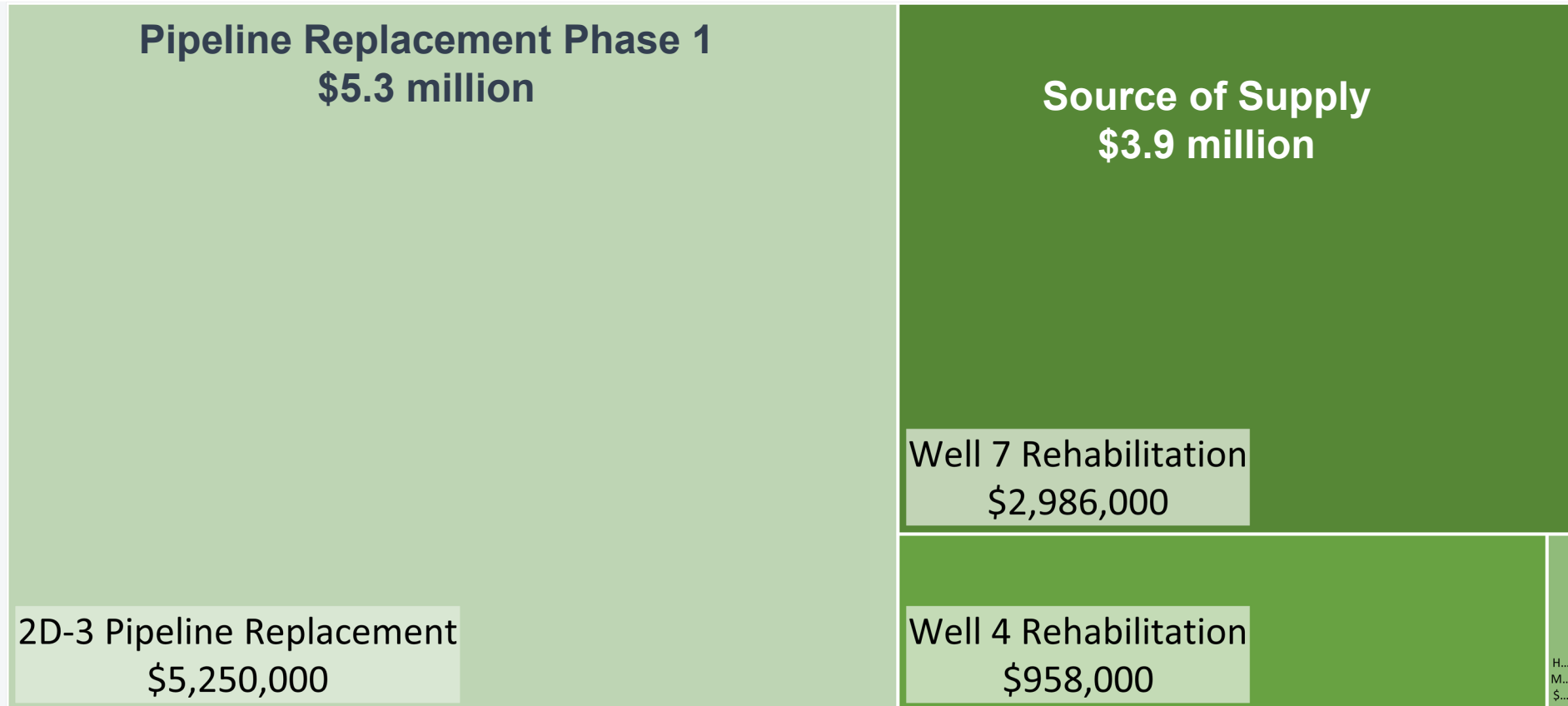
5 Year O&M Fund Projection with Rate Increases



Does not include system maintenance charges or capital improvement funding

5-Year Capital Improvement Plan

Core Project Total \$9.23 million

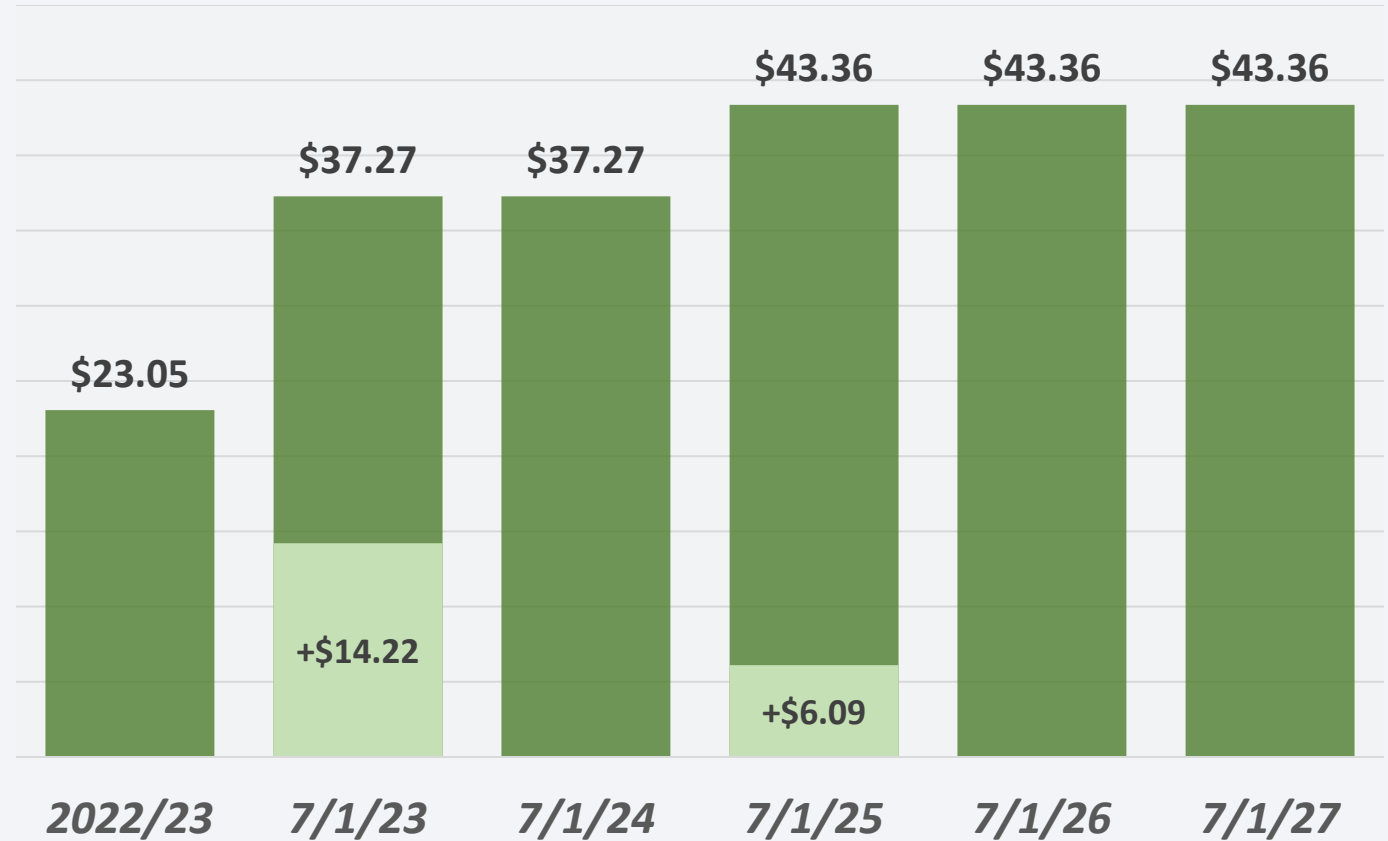


*Financing provides most affordable option to current ratepayers
District likely qualifies for SRF loans (30 years @ 4%)*

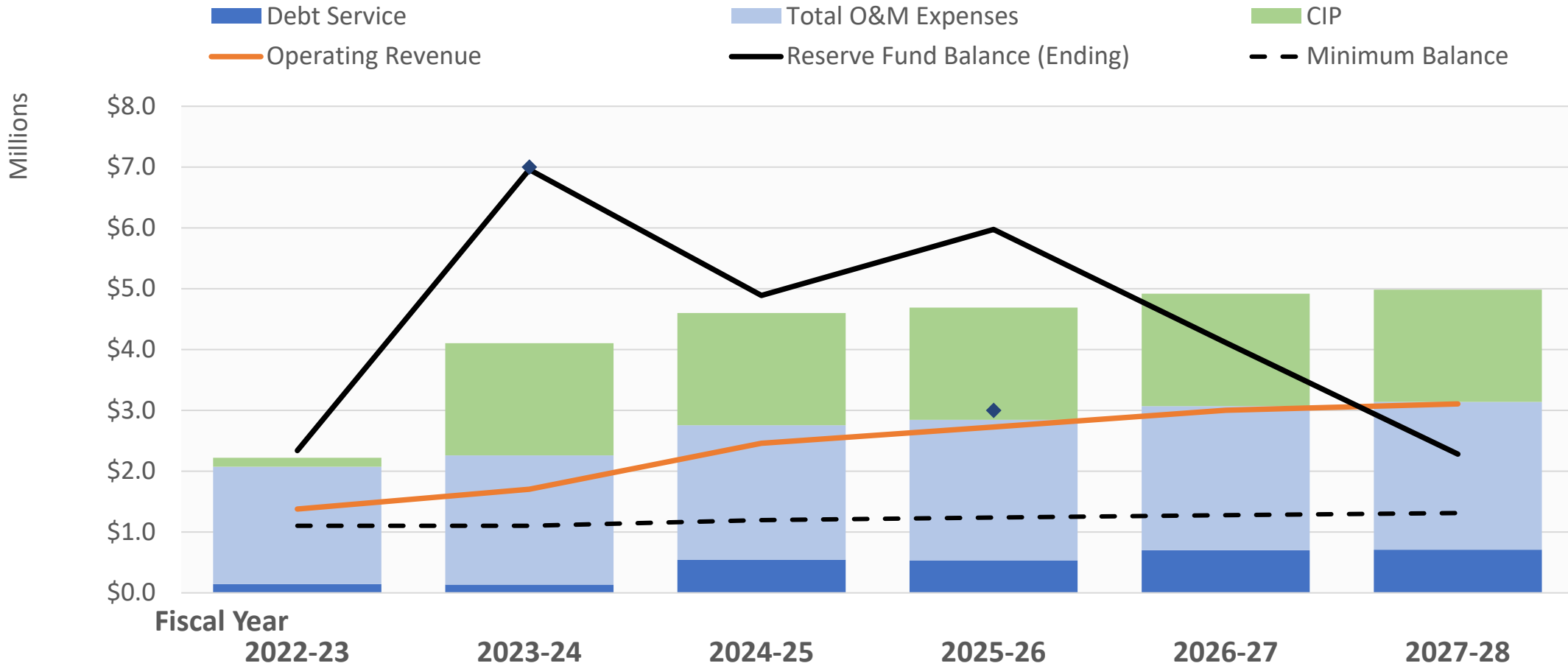
Scenarios	Amount	Annual Payment	\$/Customer*
Core Projects (#1)	\$7,000,000	\$404,811	\$14.22
Core Projects (#2)	\$3,000,000	\$173,490	\$6.09
assuming 30 year low-interest loan, e.g. State Water Revolving Fund			
*calculated rate per 1" or below, assuming system maintenance charge structure			

Rate Increases to Fund CIP

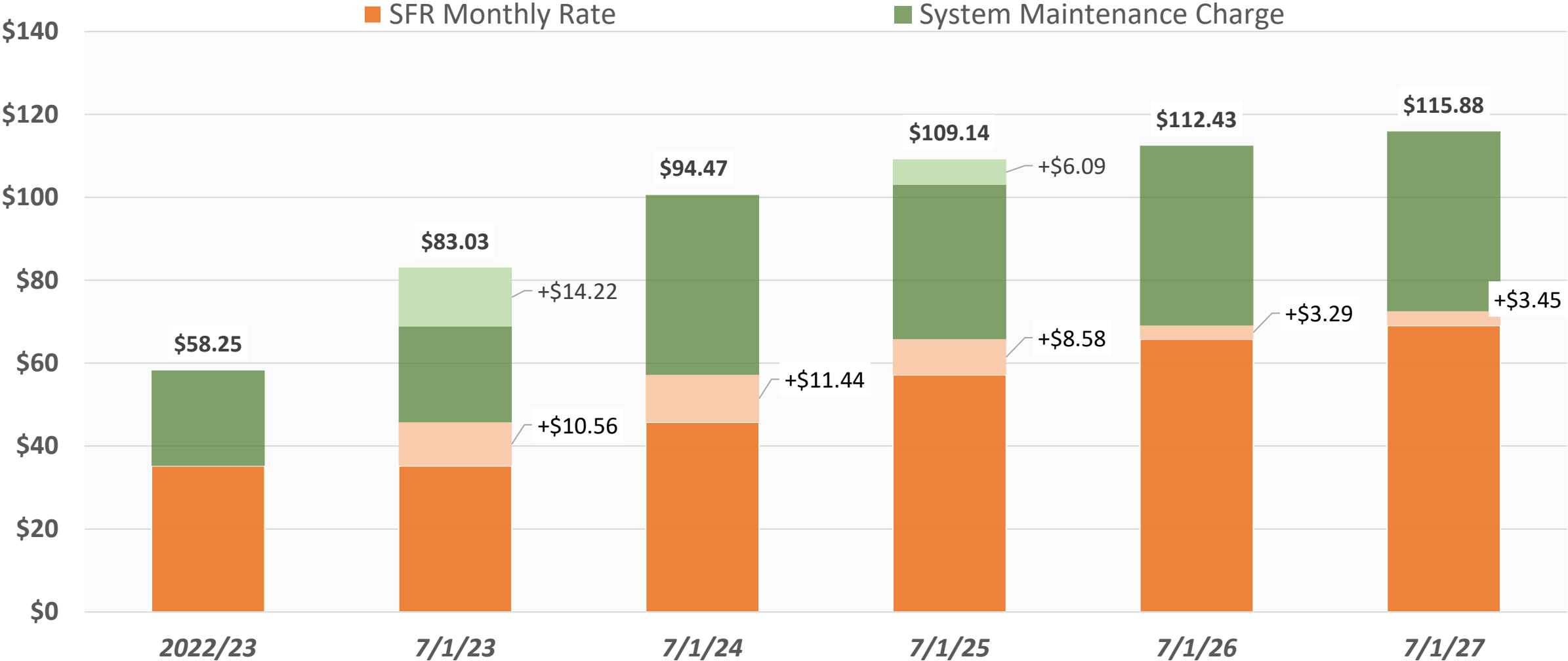
- *SRF loan assumed to be split into two issuances for 3-year time limit on spending*
- *System maintenance charge would be increased to cover annual debt service payments*
- *Two loans will smooth bill increases over time*



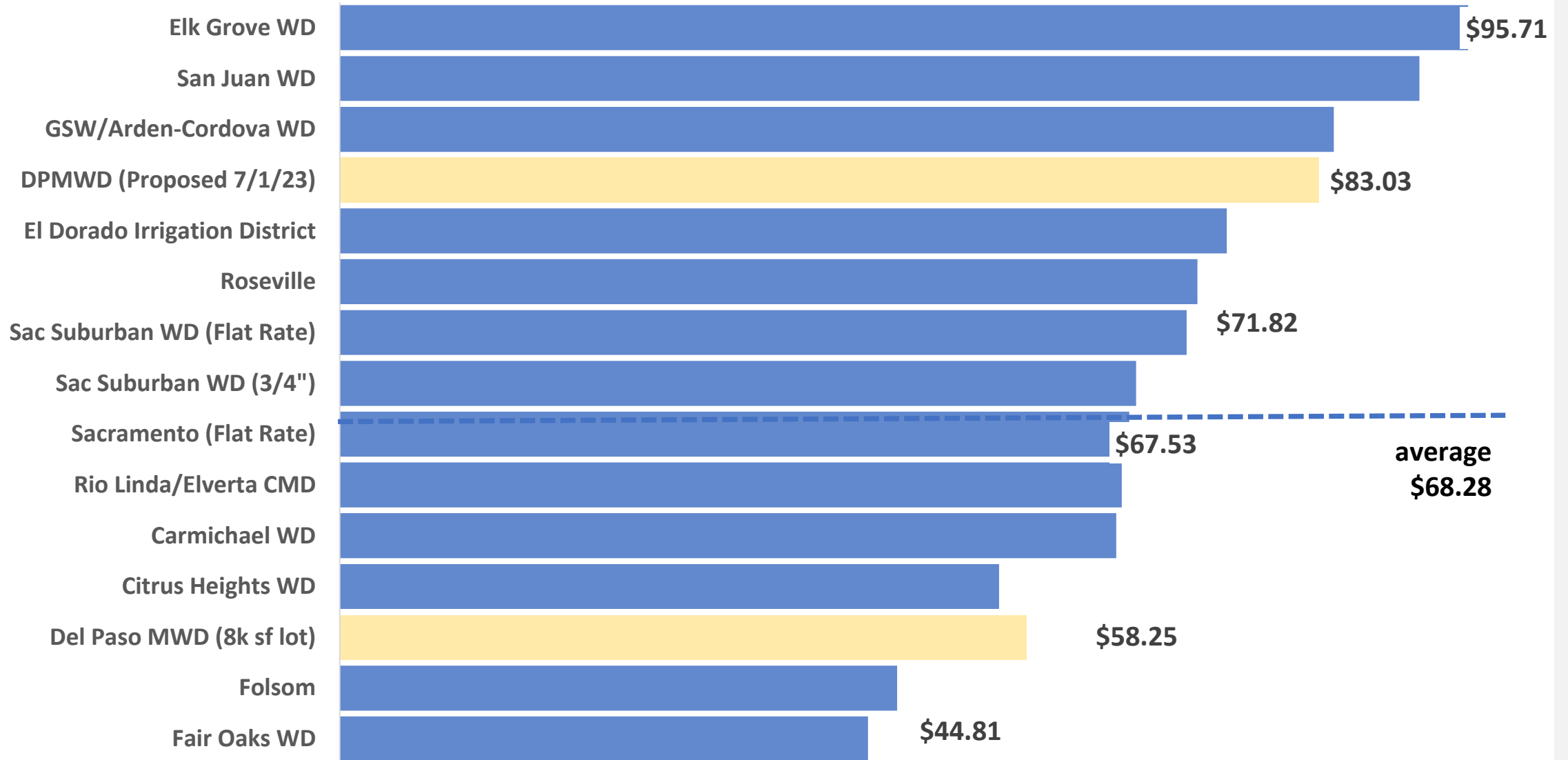
5 Year Cash Flow Projection with Proposed Increases



Single Family Bill Projection with Proposed Increases



Survey of Single Family Residential Monthly Water Bills



Preliminary Schedule

January 17th

1st Presentation of preliminary rate findings to Board

February 7

2nd Presentation to Board

Spring/Summer 2023

1st Public workshop

2nd Public workshop

3rd Presentation to the Board, authorization to mail Prop 218 notices

Mail Prop 218 Notices

3rd Public workshop

Public Hearing

July 1, 2023

First year of rates effective

