



## NOTICE OF BUDGET & FINANCE COMMITTEE MEETING

**NOTICE IS HEREBY GIVEN** that the San Lorenzo Valley Water District has called a regular meeting of the Budget & Finance Committee to be held Tuesday, **November 22, 2016 at 9:30 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

### AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications  
*This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.*
3. Old Business:  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*
  - a. DRAFT CAPITAL COST-OF-SERVICE STUDY DRAFT  
Discussion and possible action by the Committee regarding the draft Capital Cost-of-Service Study report.
  - b. FIRST QUARTER FINANCIAL SUMMARY-FISCAL YEAR 2016/2017  
Discussion and possible action by the Committee regarding the 1<sup>st</sup> Qtr. Financial Summary-FY 16/17.
4. New Business: None  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*
5. Informational Material: None.
6. Adjournment

*In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public*

*Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.*

*Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at [www.slvwd.com](http://www.slvwd.com) subject to staff's ability to post the documents before the meeting.*

**Certification of Posting**

I hereby certify that on November 18, 2016, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the regular meeting of the Budget & Finance Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on November 18, 2016.

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Holly B. Morrison, District Secretary  
San Lorenzo Valley Water District



**San Lorenzo Valley Water District**  
**Enterprise Wide Cost of Service Financial Study**  
***Draft Report***  
**November 2016**

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# SECTION 1. PURPOSE AND OVERVIEW OF THE STUDY

## PURPOSE

San Lorenzo Valley Water District (District) retained NBS in February this year to conduct an Enterprise Wide Cost of Service Financial Study for a number of reasons, including performing a thorough cost of service analysis for water and wastewater systems. Additionally, this study included an assessment of the water and wastewater systems as well as a water and wastewater staffing study. These two tasks were performed by sub consultants, V. W. Housen & Associates, Inc. and DeLoach & Associates, Inc., respectively. Both sub consultants provided reports which were prepared independent from this document, but included as appendices (under separate cover) for reference.

A cost-of-service study, unlike a rate study, is intended to identify the annual costs that should be allocated to each of the District's customer classes, whereas a "rate study" results in individual rates for each class. The cost of service analysis performed in this study was developed in a manner that is consistent with industry standards. In addition to documenting the study methodology, this report is provided with the intent of assisting District to maintain transparent communications with its residents and businesses.

NBS worked cooperatively with District staff in developing the cost of service analysis (COS or COSA) and this report summarizes the final results.

## OVERVIEW OF THE STUDY

Comprehensive "rate studies" typically include the three components shown in **Figure 1**: (1) preparation of a financial plan which identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class (i.e., the "cost-of-service" addressed in this study), and; (3) the rate structure design.

**Figure 1. Primary Components of a Rate Study**



These steps are intended to follow industry standards and reflect the fundamental principles embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges<sup>1</sup>, also referred to as Manual M1. In terms of the chronology of the study, these three steps represent the order they were performed in this Study. Following this chronology, this study completes the first two steps, resulting in the total annual net revenue requirements and the cost-of-service (COS) for each customer class. The District intends to address the third step for rate design in a separate rate study.

The following sections in this report present an overview of the methodologies, assumptions, and data used along with the financial plans and COS results. Appendix A provides more detailed cost-of-service figures; Appendices B and C provide tables and figures documenting the development of the results.

<sup>1</sup> Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, sixth edition, 2012.

## Key Financial Assumptions

The following are the key financial assumptions used in the cost of service analyses:

- **Funding of Water & Wastewater Utility Capital Projects** – The District plans to fund planned capital costs through rate revenues and existing reserves<sup>2</sup>. The capital projects listed in the financial plan are from District’s projection of costs recently provided by V. W. Housen & Associates, Inc. through FY 2025/26.
- **Reserve Targets** – Reserves for operations and capital needs are set at the target level that was established by the Board in Resolution 9 (16-17). These reserves are considered unrestricted reserves and consist of the following:

### Water:

- ✓ Operating Reserve – equal to \$1.5 million for FY 2016/17 and growing to 180 days of operating expenses over ten years.
- ✓ Capital Improvement Reserve – equal to \$2.0 million or 3 percent of Net Capital Assets, whichever is greater.

### Wastewater:

- ✓ Operating Reserve – equal to 90 days of operating expenses, or \$31,500 for FY 2016/17.
  - ✓ Capital Improvement Reserve – equal to \$97,000 for FY 2016/17, which approximates the annual average of CIP expenditures.
- **Inflation and Growth Projections** – Assumptions were made in the analysis with regard to cost inflation in order to project future expenses for the study period. The following inflation factors were used in the analysis, for both water and wastewater utilities:
    - ✓ Customer growth is 0.0 percent annually.
    - ✓ General cost inflation is 2.65 percent annually.
    - ✓ Labor and Health Benefits cost inflation is 2.69 percent annually.
    - ✓ Chemical cost inflation is 5.0 percent annually.
    - ✓ Energy cost inflation is 4.4 percent annually.

These inflation factors are based on specific cost indices and/or common values adopted by other California water agencies; see page 12 of Appendix B for details.

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<sup>2</sup> We have reflected the results of V.W. Housen and Associate’s analysis; how much of those capital project costs the District ultimately funds will be determined by the District’s Board at a future date.

## SECTION 2. WATER COST OF SERVICE STUDY

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### KEY COST OF SERVICE STUDY ISSUES

The District's cost of service analysis was undertaken with a few specific objectives, including:

- Developing a long-term financial plan incorporating recommended capital improvement program costs and staffing study results, as well as annual operating, debt service and administrative costs.
- Identifying cost requirements by customer class.

The following are the basic components included in this analysis:

- **Developing Annual Cost of Service:** NBS developed various financial plan alternatives as requested by District staff over the course of this study to reflect budgeted operating and planned capital improvement costs.
- **Developing Functionalized Costs:** The water utility costs were "functionalized" into three categories: (1) customer service costs; (2) fixed capacity costs; and (3) commodity (or volume-based) costs.
- **Determining Cost by Customer Class<sup>3</sup>:** Costs for each of these functional categories were then allocated to customer classes based on allocation factors, such as water consumption, peaking factors, and number of accounts by meter size. The total cost for each customer class was determined using these functional costs and allocation factors. For example:
  - ✓ Fixed capacity costs are allocated based on peaking requirements.
  - ✓ Volume-related costs are allocated based on the water consumption for each class.
  - ✓ Customer costs are allocated based on number of meters.

Once the costs are allocated and determined, collecting comparable revenue from each customer class would be evaluated in the separate rate design study at a later date.

### WATER UTILITY COST OF SERVICE

The basic objective of the cost of service analysis is to identify the annual operating and capital costs as they would be developed based on sound financial management practices. This includes maintaining reasonable reserves in order to handle emergencies, appropriate levels of working capital, and maintaining a good credit rating. The current state of the District, with regard to these objectives, is as follows:

- **Cost of Service:** For FY 2016/17 through FY 2020/21, the projected annual cost service (total annual expenses plus debt service plus capital costs) increase from approximately \$9.7 million to \$10.6 million.
- **Maintaining Adequate Bond Coverage:** The District is required by its bond covenants to maintain a debt service coverage ratio of at least 1.25 for the outstanding 2012 Revenue Bond.
- **Reserve Funds:** As a part of this analysis, target reserve fund levels of approximately \$4 million were developed: this is an increase over the existing \$3.5 million reserve target that was established by the Board in Resolution 9 (16-17). The reserve funds for the Utility are considered unrestricted reserves and consist of the following:
  - ✓ **Operating Reserve** should equal approximately \$1.5 million or up to 180 days of operating expenses. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue

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<sup>3</sup> District currently uses meter sizes as customer classes; however, revenue requirements were established for customer classes, not meter sizes.

streams (volumetric charges), and – particularly in periods of economic distress – changes or trends in age of receivables.

- ✓ **Capital Reserve** should be approximately \$2 million or up to 3 percent of net assets, which is set aside to address long-term capital system replacement and rehabilitation needs. If this reserve is maintained at the target established by the Board, District will have a healthy cash reserve for future capital needs.
- **Capital Improvement Projects:** The District has a number of capital improvement projects that are necessary in order for the Utility to maintain and improve current service levels. District staff has identified roughly \$3.6 million in expected capital expenditures for FY 2015/16, \$3.1 million in FY 2016/17, and every year thereafter \$2.6 to \$2.9 million in capital expenditures are expected (future year value).

**Figure 2** summarizes the uses of funds and total costs for the next 5 years. The utility's proposed 10-year financial plan is included in Appendix B, and include costs, reserve funds, and the District's capital improvement program. **Figure 3** summarizes the projected reserve fund balances and reserve targets assuming the capital improvement projects will be fully funded. As this figure shows, the District will need to address projected annual deficits.

**Figure 2. Summary of Annual Cost of Service**

Cost of Service Summary	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Costs of Water Service</b>						
Water Fund Expenses	\$ 5,716,286	\$ 6,269,040	\$ 6,735,741	\$ 7,114,838	\$ 7,404,526	\$ 7,601,305
Debt Service	896,508	896,508	896,508	896,508	795,095	693,682
Capital Expenses	2,397,525	3,100,000	2,583,059	2,660,550	2,740,367	2,822,578
<b>Total</b>	<b>\$ 9,010,318</b>	<b>\$ 10,265,547</b>	<b>\$ 10,215,307</b>	<b>\$ 10,671,896</b>	<b>\$ 10,939,988</b>	<b>\$ 11,117,565</b>

**Figure 3. Summary of Water Reserve Funds**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Reserve</b>						
Ending Balance	\$ (430,534)	\$ (4,833,859)	\$ (9,186,372)	\$ (13,994,540)	\$ (19,069,865)	\$ (24,321,834)
<i>Recommended Minimum Target</i>	<i>1,500,000</i>	<i>1,500,000</i>	<i>1,684,000</i>	<i>1,779,000</i>	<i>1,851,000</i>	<i>1,900,000</i>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Recommended Minimum Target</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>
<b>Debt Reserve</b>						
Ending Balance	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
<i>Recommended Minimum Target</i>	<i>373,594</i>	<i>373,594</i>	<i>373,594</i>	<i>373,594</i>	<i>373,594</i>	<i>373,594</i>
<b>Total Ending Balance</b>	<b>\$ (56,940)</b>	<b>\$ (4,460,264)</b>	<b>\$ (8,812,777)</b>	<b>\$ (13,620,945)</b>	<b>\$ (18,696,271)</b>	<b>\$ (23,948,240)</b>
<i>Total Recommended Minimum Target</i>	<i>\$ 3,873,594</i>	<i>\$ 3,873,594</i>	<i>\$ 4,057,594</i>	<i>\$ 4,152,594</i>	<i>\$ 4,224,594</i>	<i>\$ 4,273,594</i>

## CHARACTERISTICS OF WATER CUSTOMERS BY CUSTOMER CLASS

The amount of consumption, the peaking factors, and the number of meters by customer class are all factors used in allocating costs as a part of the cost-of-service analysis. The District's most recent consumption data is summarized in **Figure 4**, peaking factors by meter size are summarized in **Figure 5**, and **Figure 6** compares the total number of meters by customer class.

In Figure 4, the impact of expected customer conservation has been included. Staff expects that for FY 2015/16, water customers will consume 634,462 hundred cubic feet (ccf) of water.



**Figure 4. Water Consumption by Customer Class**

Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility				
Customer Class	FY 2014/15 Volume (ccf) (1)	% Adjustment for Conservation	Estimated FY 2015/16 Volume Adjusted for Conservation	Percent of Total Volume
Residential	457,003	0%	444,202	70.0%
Multi-Family Residential	107,598	0%	100,184	15.8%
Commercial	8,231	0%	7,261	1.1%
Industrial	31,792	0%	31,389	4.9%
Landscape/Irrigation	35,924	0%	36,761	5.8%
Other systems	5,725	0%	5,779	0.9%
Private Mutual	5,310	0%	6,368	1.0%
Surplus (bulk water sales)	1,330	0%	2,149	0.3%
Vacant	452	0%	370	0.1%
<b>Total</b>	<b>653,365</b>	<b>3%</b>	<b>634,462</b>	<b>100%</b>

1. Consumption data is based on the SLVWD's billing data.

Peaking factors for each customer class are shown in Figure 5. A “peaking factor” is the ratio of each meter size’s peak monthly use to its average monthly use. Both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events are generally allocated to each customer class according to its peaking factor.

**Figure 5. Peaking Factors by Customer Class**

Development of the CAPACITY (MAX MONTH) Allocation Factors				
Customer Class	Average Monthly Use (ccf)	Peak Monthly Use (ccf) (1)	Peak Monthly Factor	Max Month Capacity Factor
Residential	37,017	48,392	1.31	67.6%
Multi-Family Residential	8,349	10,486	1.26	14.6%
Commercial	605	1,163	1.92	1.6%
Industrial	2,616	3,170	1.21	4.4%
Landscape/Irrigation	3,063	4,590	1.50	6.4%
Other systems	482	1,157	2.40	1.6%
Private Mutual	531	1,956	3.69	2.7%
Surplus (bulk water sales)	179	642	3.58	0.9%
Vacant	31	65	2.11	0.1%
<b>Total</b>	<b>52,872</b>	<b>71,622</b>	<b>1.35</b>	<b>100%</b>

1. Based on peak monthly data (peak day data not available).

The number of meters by customer class is shown in Figure 6. The customer costs allocated to each customer class as part of the cost of service analysis are based on their total number of meters.

**Figure 6. Number of Meters by Customer Class**

Development of the CUSTOMER Allocation Factor		
Customer Class	Number of Meters (1)	Percent of Total
Residential	6,531	<b>88.6%</b>
Multi-Family Residential	502	<b>6.8%</b>
Commercial	199	<b>2.7%</b>
Industrial	52	<b>0.7%</b>
Landscape/Irrigation	13	<b>0.2%</b>
Other systems	7	<b>0.1%</b>
Private Mutual	6	<b>0.1%</b>
Surplus (bulk water sales)	3	<b>0.0%</b>
Vacant	59	<b>0.8%</b>
<b>Total</b>	<b>7,372</b>	<b>100.0%</b>

1. Meter Count data is based on the SLVWD's billing data for February 2016.

## COST OF SERVICE ANALYSIS

Once the total costs of service are determined, as described above, the cost of service analysis distributes those requirements to each of the customer classes. The cost of service analysis consists of two major components: (1) the functionalization and classification of expenses, and (2) the allocation of costs to customer classes. This process is described as follows:

### *Functionalization, Classification and Allocations*

Most costs are not typically allocated 100 percent to fixed or variable categories and, therefore, may be allocated to multiple water service functions. The functionalization/classification of costs provides the basis for allocating the costs to the following cost causation components:

- **Commodity (Variable)** related costs are those costs associated with the total consumption of water over a specified period of time (such as annual).
- **Capacity (Fixed)** related costs are those costs associated with the maximum demand required or the maximum size of facilities required to meet this demand (i.e., their peaking factors, as shown above).
- **Customer (Fixed)** related costs are costs associated with having a customer on the water system, such as meter reading, postage and billing.

Once costs have been organized based on the District's budget classifications, they are allocated to these functional cost causation components in determining the cost of service by customer class. When the District proceeds with a rate study, this information will be used to establish new water rates and determine fixed and variable charges. Appendix B includes detailed tables showing how the District's expenses were allocated to these functional cost causation components.

**Fixed costs** generally consist of costs that a utility incurs to serve customers irrespective of the amount of water they use. These include (1) the infrastructure (capacity-related facilities) required to provide service to customers; (2) costs associated with the peaking requirements, or maximum demand which affects the maximum size of the water supply system, treatment and delivery system, operations and maintenance costs; and (3) administrative and billing costs associated with meter reading, postage and billing.

**Variable costs** are those that change as the volume of water produced and delivered changes. These commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply.

Ideally, utilities should recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges; when this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses.

The District's costs were divided into categories that can be more generally grouped into fixed and variable costs. This analysis resulted in a cost distribution that is approximately 67 percent fixed and 33 percent variable<sup>4</sup>. Under the current rate structure, the District collects approximately 53 percent of revenue through fixed charges and 47 percent through variable.

Based on the cost of service analysis, about 67 percent of the District's costs should be collected from fixed charges and 33 percent from volumetric charges. **Figure 7** summarizes how costs are allocated to each cost component; a test year of FY 2017/18 was used. A detailed breakdown of all expenses allocated to commodity-, capacity- and customer-related cost components is provided in Appendix B.

**Figure 7. Allocated Net Cost Requirements - Water**

Classification Components	Net Cost Requirements (2017/18)	
Commodity-Related Costs	\$ 3,664,371	33.0%
Capacity-Related Costs	6,701,540	60.4%
Customer-Related Costs	737,660	6.6%
<b>Net Revenue Requirement</b>	<b>\$ 11,103,572</b>	<b>100%</b>

Commodity-related costs are distributed to each customer class based on the percentage of water consumed (previously shown in Figure 4). Capacity-related costs are distributed to each customer class based on the peaking factors (previously shown in Figure 5). Customer related costs are distributed to each customer class based on the number of customers in each customer class (previously shown in Figure 6).

**Costs Allocated to Customer Classes**

**Customer classes** are typically determined by grouping customers with similar demand characteristics into categories that reflect the cost differentials to serve each type of customer, such as single-family, multi-family, commercial, etc. This is how customer characteristics and consumption data have been organized in the tables above, and in **Figure 8** which summarizes the costs allocated to each customer class for the test year of FY 2017/18. However, the District currently uses meter sizes as customer classes.

<sup>4</sup> This analysis is presented in Appendix A.

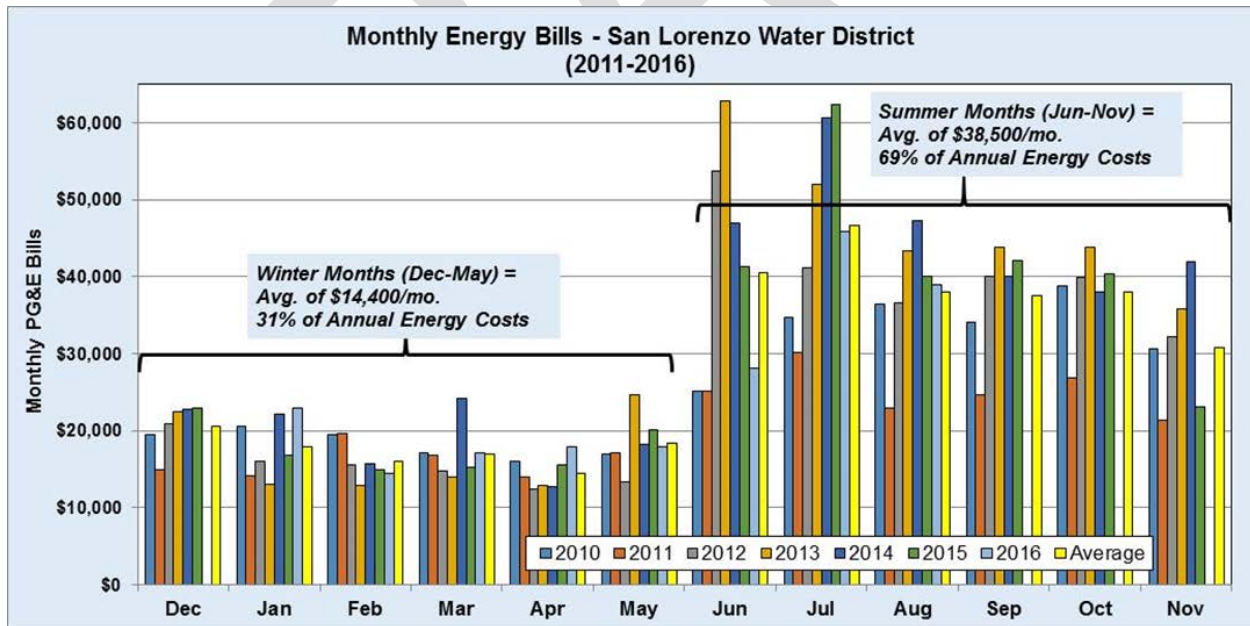
**Figure 8. Allocated Net Cost of Service by Customer Class - Water**

Allocation of Net Cost Requirements (Water) By Customer Class - FY 2017/18					
Customer Class	Cost Classification Components			Net Cost of Service Requirements	% of Net Cost of Service Requirements
	Commodity (1)	Capacity (2)	Customer (3)		
Residential	\$ 2,565,511	\$ 4,527,989	\$ 653,508	\$ 7,747,008	69.8%
Multi-Family Residential	578,619	981,150	50,231	1,610,000	14.5%
Commercial	41,934	108,848	19,912	170,694	1.5%
Industrial	181,291	296,647	5,203	483,141	4.4%
Landscape/Irrigation	212,316	429,523	1,301	643,140	5.8%
Other systems	33,374	108,258	700	142,333	1.3%
Private Mutual	36,779	183,019	600	220,398	2.0%
Surplus (bulk water sales)	12,412	60,024	300	72,736	0.7%
Vacant	2,136	6,082	5,904	14,122	0.1%
<b>Total</b>	<b>\$ 3,664,371</b>	<b>\$ 6,701,540</b>	<b>\$ 737,660</b>	<b>\$ 11,103,572</b>	<b>100.0%</b>

1. Commodity Costs are allocated based upon percentage of expected consumption.
2. Capacity Costs are allocated based upon Max Month Capacity Factor.
3. Customer Costs are allocated based upon Percentage of Total Accounts.

Since the District plans to conduct a rate study in the future, any modifications to the existing meter-size-only rate structure should be considered at that time. Also, as shown in **Figure 9** below, the District clearly has a seasonal component to its water delivery system (winter and summer). This Figure summarizes fluctuations in energy bills and represents pumping costs of water delivered. These and other infrastructure costs, such as wells and peaking-related storage, could be considered and included in developing seasonal rate and/or zonal surcharges. Costs related to conjunctive use might also be applied to seasonality-related rate components.

**Figure 9. Energy Bills for SLVWD**



## SECTION 3. WASTEWATER COST OF SERVICE STUDY

### KEY COST OF SERVICE STUDY ISSUES

The District maintains a small wastewater system for a small residential area. The cost of service study for the wastewater utility has the same goals as the water utility.

NBS developed a ten-year financial plan for the wastewater utility over the course of this study, relying on industry standards and cost-of-service principles. The following are the basic components included in this analysis:

- **Developing Annual Cost Requirements:** NBS developed financial plan alternatives as requested by District staff to reflect budgeted sewer operating and capital improvement costs.
- **Developing Functionalized Costs:** The wastewater revenue requirements were “functionalized” into four categories: (1) customer service costs; (2) fixed biochemical demand (BOD) treatment costs; (3) fixed total suspended solids (TSS) treatment costs; and (4) flow (or volume-based) costs.
- **Determining Customer Class Cost Requirements:** Costs for each of these functional categories were then allocated to the residential customer class based on allocation factors, such as effluent (flow), effluent strength (BOD and TSS), and number of accounts. Once the costs are allocated by customer class, the rate design would be addressed in a future rate study.

### SEWER UTILITY COST OF SERVICE

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. The current state of the District, with regard to these objectives, is as follows:

- **Annual Cost of Service:** For FY 2015/16 through FY 2020/21, the projected net cost requirement (that is, total annual expenses plus debt service and capital costs) range from approximately \$133,500 to \$229,000.
- **Building and Maintaining Reserve Funds:** The District plans to establish reserve funds for the sewer utility. The reserve fund recommendations for the Utility are considered unrestricted reserves and consist of the following:
  - ✓ **Operating Reserve** should equal approximately 90 days of operating expenses, or \$34,400 in FY 2016/17. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (such as volumetric charges), and – particularly in periods of economic distress – changes or trends in age of receivables.
  - ✓ **Capital Reserve** should be approximately \$100,000, which is set aside to address long-term capital system replacement and rehabilitation needs.
- **Capital Improvement Projects:** The District has a number of capital improvements that are necessary for the Utility in order to maintain current service levels. District staff has identified roughly \$64,000 in expected capital expenditures for FY 2016/17, and growing at 3 percent inflation (construction cost index) annually through FY 2020/21. summarizes the sources and uses of funds and net cost requirements for the next 5 years. As this figure shows, the District will need to address projected annual deficits in the near future.

Figure 10 summarizes the sources and uses of funds and net cost requirements for the next 5 years. As this figure shows, the District will need to address projected annual deficits in the near future.

**Figure 10. Summary of Sewer Costs of Service**

Cost of Service Summary	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Costs of Sewer Service</b>						
Operating Expenses	\$ 133,470	\$ 137,051	\$ 140,732	\$ 144,509	\$ 148,385	\$ 152,364
Debt Service	-	-	-	-	-	-
Capital Expenses	-	63,880	65,796	67,770	69,803	71,898
<b>Total</b>	<b>\$ 133,470</b>	<b>\$ 200,931</b>	<b>\$ 206,528</b>	<b>\$ 212,279</b>	<b>\$ 218,189</b>	<b>\$ 224,262</b>

Figure 11 summarizes the projected reserve fund balances and reserve targets. A summary of the utility's proposed 10-year financial plan is included in Appendix C. These appendix tables include cost requirements, reserve funds, revenue sources, and the District's capital improvement program.

**Figure 11. Summary of Sewer Reserve Funds**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		Projected			
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
<b>Un-Restricted Reserves</b>						
<b>Operating Reserve</b>						
Ending Balance	\$ (33,381)	\$ (134,224)	\$ (240,664)	\$ (352,855)	\$ (470,955)	\$ (595,129)
<i>Recommended Minimum Target</i>	<i>33,400</i>	<i>34,300</i>	<i>35,200</i>	<i>36,100</i>	<i>37,100</i>	<i>38,100</i>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Recommended Minimum Target</i>	<i>89,778</i>	<i>94,503</i>	<i>96,205</i>	<i>97,994</i>	<i>99,882</i>	<i>101,888</i>
<b>Total Ending Balance (Un-Restricted Reserves)</b>	<b>\$ (33,381)</b>	<b>\$ (134,224)</b>	<b>\$ (240,664)</b>	<b>\$ (352,855)</b>	<b>\$ (470,955)</b>	<b>\$ (595,129)</b>
<b>Total Recommended Minimum Target</b>	<b>\$ 123,178</b>	<b>\$ 128,803</b>	<b>\$ 131,405</b>	<b>\$ 134,094</b>	<b>\$ 136,982</b>	<b>\$ 139,988</b>

## COST OF SERVICE ANALYSIS

The total cost from the residential customer class was determined using these functional costs and allocation factors:

- ✓ Volume-related costs are allocated based on the effluent flow.
- ✓ Fixed capacity costs are allocated based on effluent strength (BOD and TSS).
- ✓ Customer costs are allocated based on number of accounts, or more specifically the number of equivalent dwelling units (EDUs) connected to the system.

The District only serves residential customers as part of the sewer utility. Since this is not anticipated to change in the near future, all costs are allocated to residential customers as shown in Figure 12. Similar to the Water Cost of Service Analysis, a test year of FY 2017/18 was used. Further tables showing these calculations are included in Appendix C.

**Figure 12. Allocated Cost of Service – Sewer**

Allocation of FY 2017/18 Cost Requirements by Customer Class - Sewer						
Customer Class	Cost Classification Components				Net Cost-of-Service Requirements	% of Net Cost-of-Service Requirements
	Volume	Treatment		Customer Related		
		BOD	TSS			
<b>Net Cost Requirements (1)</b>	<b>\$ 73,370</b>	<b>\$ 29,899</b>	<b>\$ 29,899</b>	<b>\$ 6,954</b>	<b>\$ 140,124</b>	<b>--</b>
	52.4%	21.3%	21.3%	5.0%	100.0%	
SINGLE FAMILY	\$ 73,370	\$ 29,899	\$ 29,899	\$ 6,954	\$ 140,124	100.0%
<b>TOTAL</b>	<b>\$ 73,370</b>	<b>\$ 29,899</b>	<b>\$ 29,899</b>	<b>\$ 6,954</b>	<b>\$ 140,124</b>	<b>100%</b>

1. Cost requirement for each customer class is determined by multiplying the requirement from each cost classification by the allocation factors for each customer class.

## SECTION 4. RECOMMENDATIONS AND NEXT STEPS

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### CONSULTANT RECOMMENDATIONS

NBS recommends District take the following actions:

- **Approve and Accept this Study:** NBS recommends the District Board formally approve and adopt this Study and its recommendations. This will provide documentation of the cost of service study analyses and the basis for analyzing potential changes to future rates.

### NEXT STEPS

- **Perform a Rate Study in the Future** – Following this cost of service study, the District is poised to move forward with a water and wastewater rate study in the near future to address rate design and actual customer rates. This will ensure the District collects rates to meet revenue requirements in a fair and equitable manner that complies with Proposition 218.

### NBS' PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. This information and these assumptions, including District's budgets, capital improvement costs, sub-consultants' findings and recommendations, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

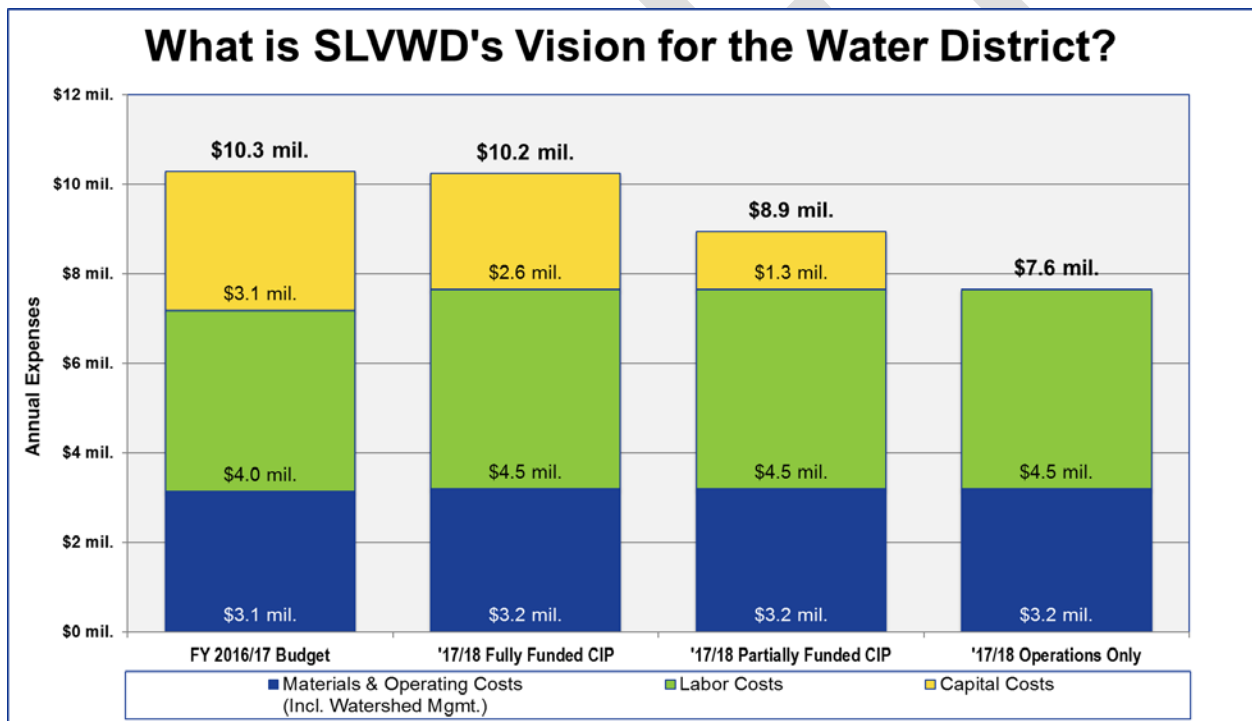
*Note: The attached Technical Appendices provide more detailed information on the analysis of the water revenue requirements, cost-of-service analysis and cost allocations, and the rate design analyses that have been summarized in this report.*

# TECHNICAL APPENDICES

## APPENDIX A – COST OF SERVICE FIGURES

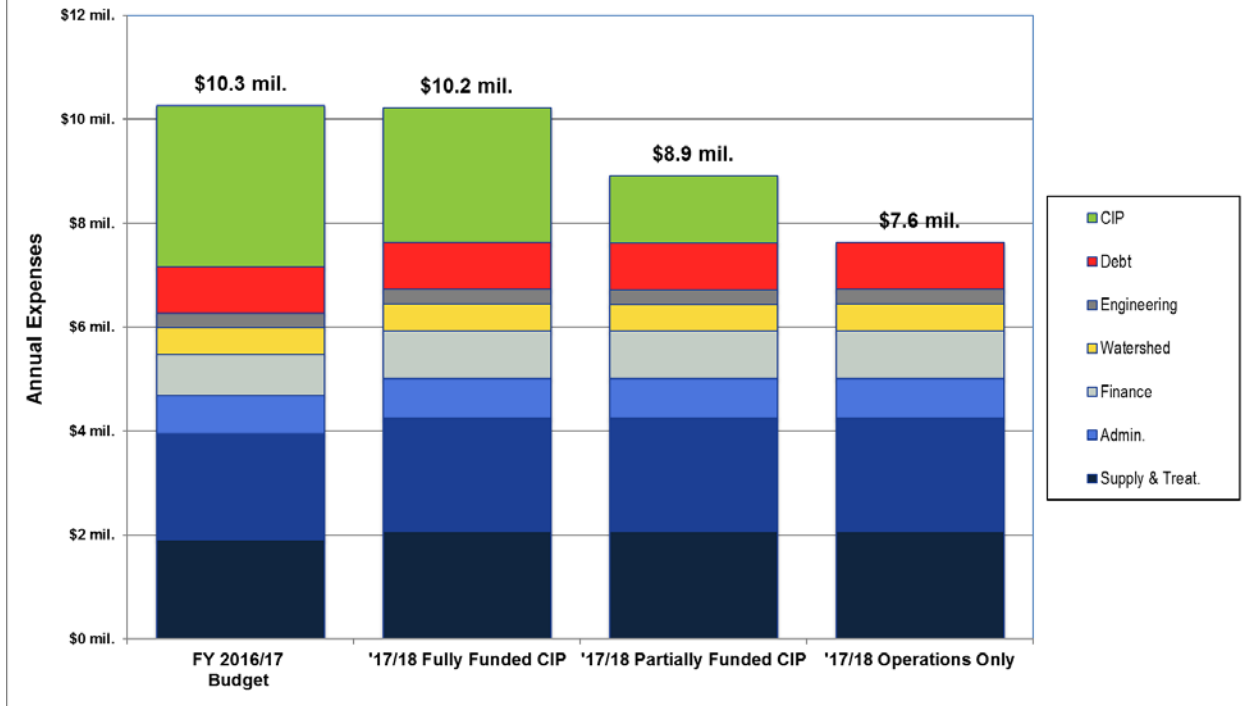
### WATER UTILITY FIGURES

Summary of District Costs	'16/17 Rev. Reqts.	'17/18 Fully Funded CIP	'17/18 Partially Funded CIP	'17/18 Operations Only
<b>Uses of Water Funds</b>				
Water Fund Operating Expenses:				
Administration	739,440	759,041	759,041	759,041
Finance	792,100	913,200	913,200	913,200
Engineering	280,700	287,900	287,900	287,900
Operations/Distribution	2,029,400	2,183,600	2,183,600	2,183,600
Watershed	512,400	526,100	526,100	526,100
Operations/Supply & Treatment	1,915,000	2,065,900	2,065,900	2,065,900
Debt Service	896,508	896,508	896,508	896,508
Capital Expenses	3,100,000	2,583,059	1,291,529	-
<b>Total Use of Funds</b>	<b>\$ 10,265,547</b>	<b>\$ 10,215,307</b>	<b>\$ 8,923,778</b>	<b>\$ 7,632,249</b>
<b>Add'l. Revenue Needed</b>	<b>0%</b>	<b>112%</b>	<b>56%</b>	<b>0%</b>

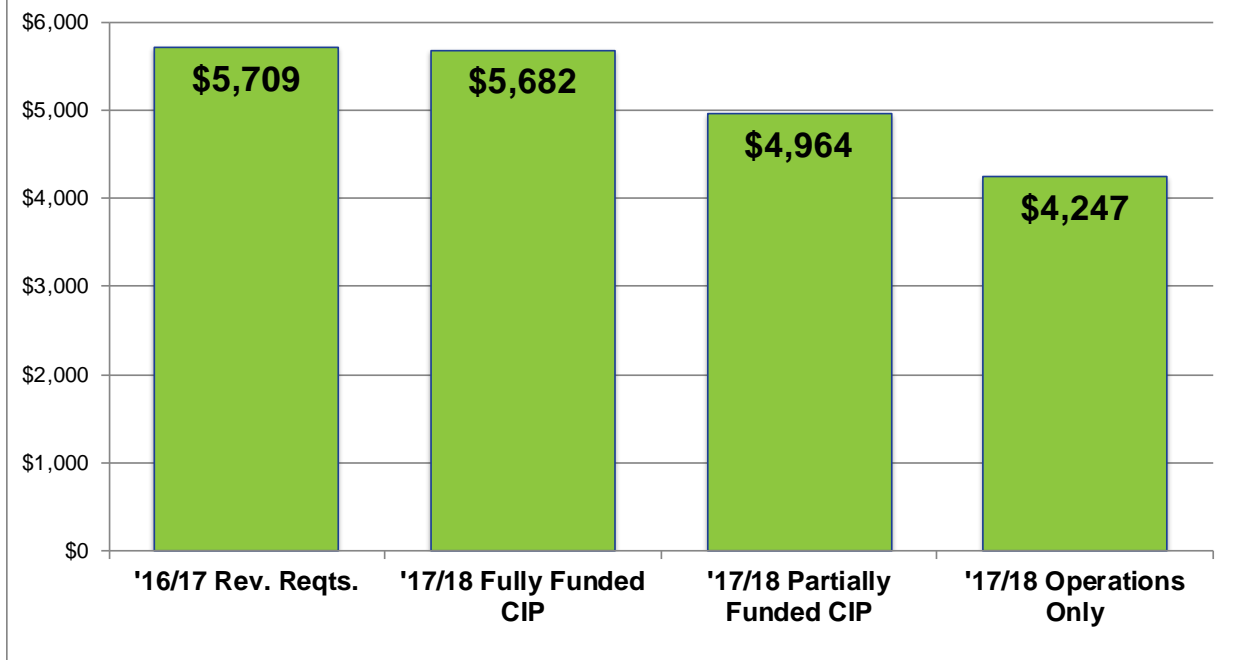




### SLVWD - Total Uses of Water Funds

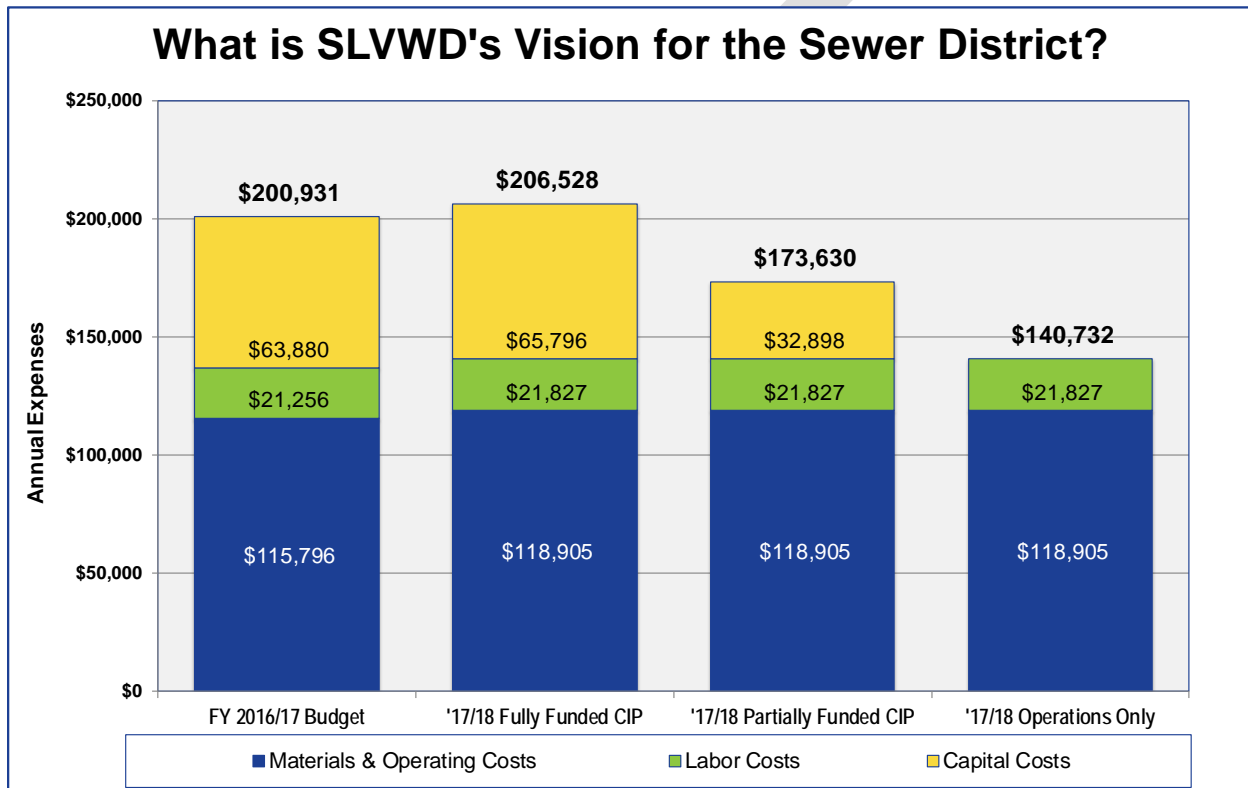


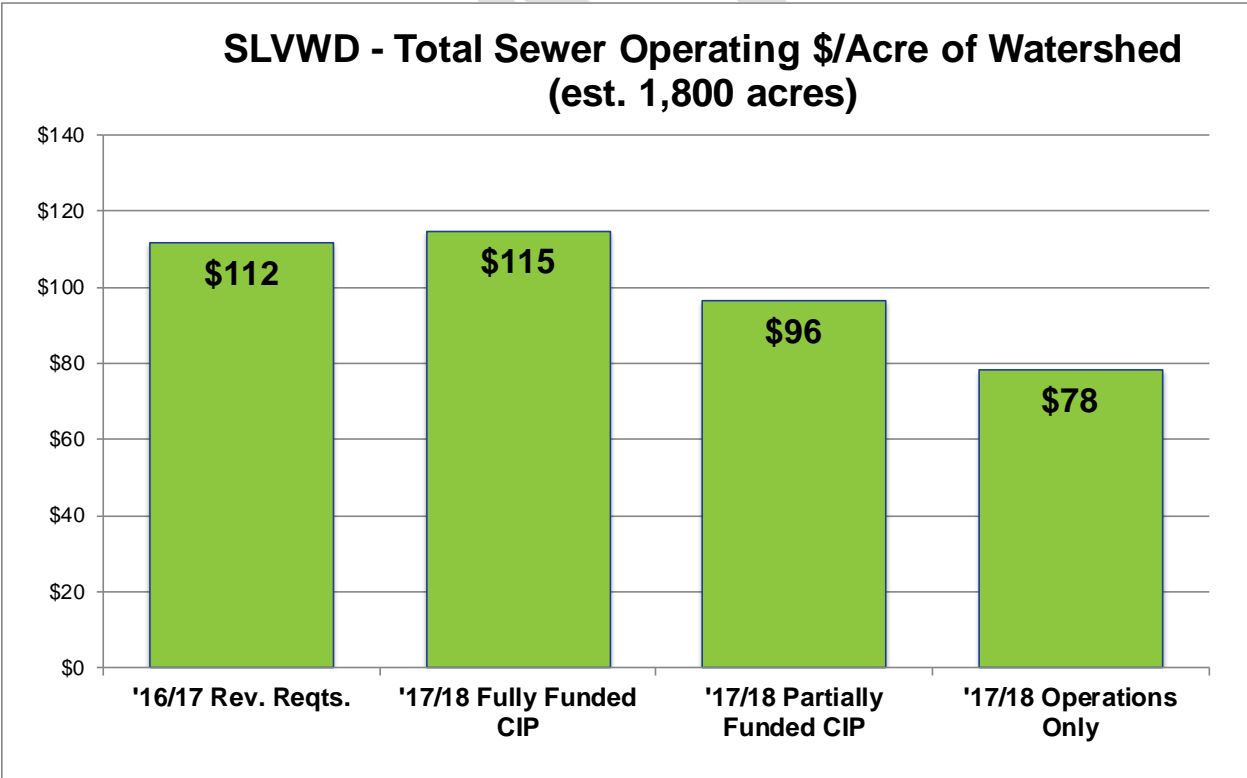
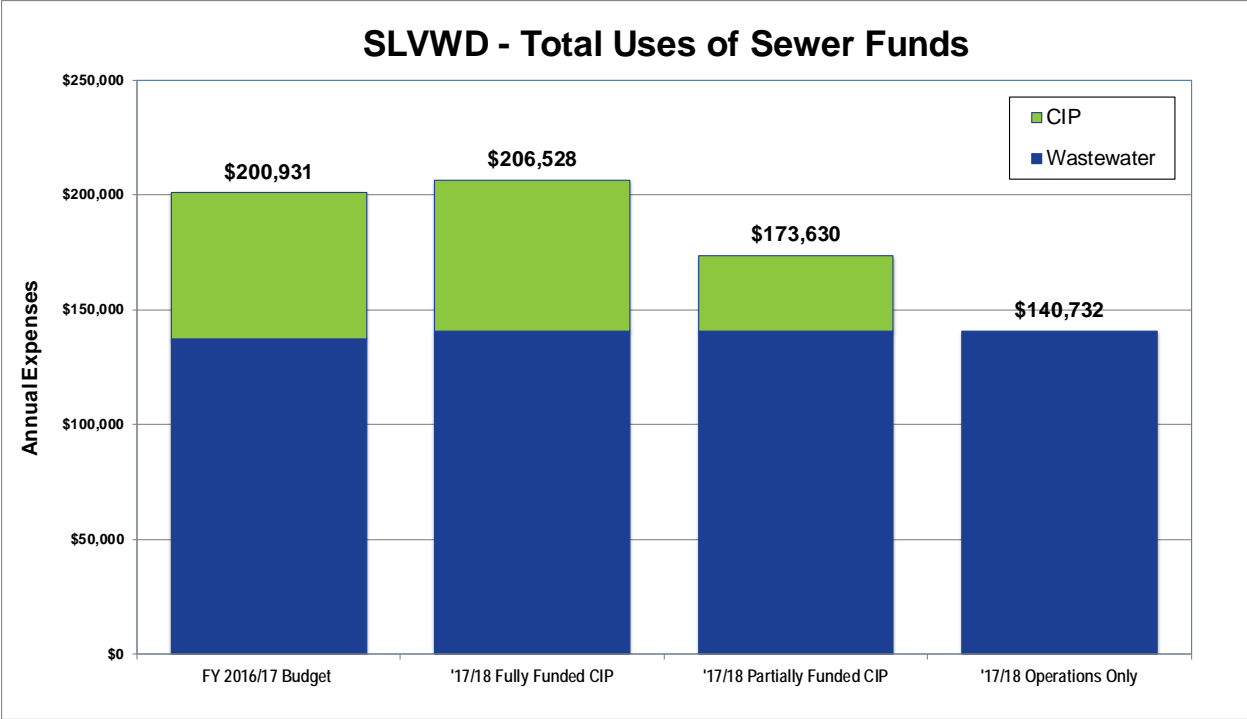
### SLVWD - Total Water Operating \$/Acre of Watershed (est. 1,800 acres)



## SEWER UTILITY FIGURES

Summary of District Costs	'16/17 Rev. Reqts.	'17/18 Fully Funded CIP	'17/18 Partially Funded CIP	'17/18 Operations Only
<b>Uses of Sewer Funds</b>				
Water Fund Operating Expenses:				
Personnel	21,256	21,827	21,827	21,827
Materials & Services	115,796	118,905	118,905	118,905
Debt Service	-	-	-	-
Capital Expenses	63,880	65,796	32,898	-
<b>Total Use of Funds</b>	<b>\$ 200,931</b>	<b>\$ 206,528</b>	<b>\$ 173,630</b>	<b>\$ 140,732</b>
<b>Add'l. Revenue Needed</b>	<b>0%</b>	<b>9%</b>	<b>5%</b>	<b>0%</b>





**APPENDIX B – DETAILED WATER COST-OF-SERVICE TABLES & FIGURES**

*Appendix B is included under separate cover.*

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**APPENDIX C – DETAILED SEWER COST-OF-SERVICE TABLES & FIGURES**

*Appendix C is included under separate cover.*

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TABLE 1  
 FINANCIAL PLAN AND SUMMARY OF WATER COST REQUIREMENTS

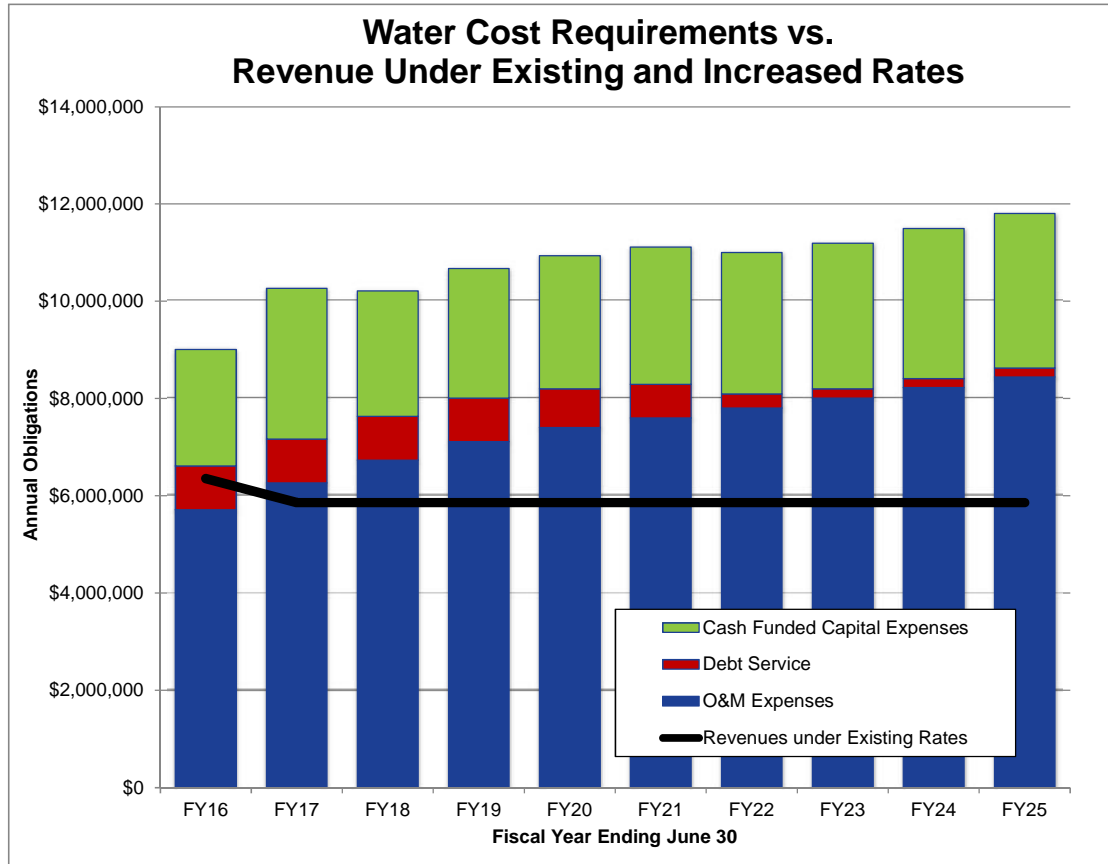
WATER COST REQUIREMENTS SUMMARY	Budget		Projected							
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Sources of Funds</b>										
<i>Water Rate Revenue: (1)</i>										
Service & Usage Fees	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534
<i>Water Non-Rate Revenue: (2)</i>										
7501 Property Taxes	\$ 762,752	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308
7502 Rental Revenue	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713
7503 Investment Earnings	(1,909)	-	-	-	-	-	-	-	-	-
7504 Gain/Loss on Sale of Assets	34,499	-	-	-	-	-	-	-	-	-
7505 Other Income	286,525	66,372	66,372	66,372	66,372	66,372	66,372	66,372	66,372	66,372
Interest Income	7,699	-	-	-	-	-	-	-	-	-
<b>Grand Total: Sources of Funds</b>	<b>\$ 6,356,813</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>
<b>Uses of Funds</b>										
<i>Water Fund Operating Expenses (3):</i>										
Administration	\$ 720,331	\$ 739,440	\$ 759,041	\$ 778,938	\$ 799,426	\$ 820,505	\$ 842,175	\$ 864,535	\$ 887,387	\$ 911,027
Finance	674,045	792,100	913,200	1,137,500	1,268,000	1,302,100	1,337,000	1,372,800	1,409,600	1,447,300
Engineering	176,175	280,700	287,900	295,400	303,100	310,900	318,900	327,100	335,400	344,000
Operations/Distribution	1,878,850	2,029,400	2,183,600	2,242,100	2,302,200	2,363,600	2,426,700	2,491,600	2,558,200	2,626,300
Watershed	499,235	512,400	526,100	539,900	554,200	568,800	583,800	599,300	615,200	631,600
Operations/Supply & Treatment	1,767,650	1,915,000	2,065,900	2,121,000	2,177,600	2,235,400	2,294,900	2,356,200	2,418,800	2,483,000
Subtotal: Operating Expenditures	<b>\$ 5,716,286</b>	<b>\$ 6,269,040</b>	<b>\$ 6,735,741</b>	<b>\$ 7,114,838</b>	<b>\$ 7,404,526</b>	<b>\$ 7,601,305</b>	<b>\$ 7,803,475</b>	<b>\$ 8,011,535</b>	<b>\$ 8,224,587</b>	<b>\$ 8,443,227</b>
<i>Other Expenditures:</i>										
Existing Debt Service	\$ 896,508	\$ 896,508	\$ 896,508	\$ 896,508	\$ 795,095	\$ 693,682	\$ 291,596	\$ 186,797	\$ 186,797	\$ 186,797
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses	2,397,525	3,100,000	2,583,059	2,660,550	2,740,367	2,822,578	2,907,255	2,994,473	3,084,307	3,176,836
Subtotal: Other Expenditures	<b>\$ 3,294,033</b>	<b>\$ 3,996,508</b>	<b>\$ 3,479,566</b>	<b>\$ 3,557,058</b>	<b>\$ 3,535,462</b>	<b>\$ 3,516,260</b>	<b>\$ 3,198,851</b>	<b>\$ 3,181,270</b>	<b>\$ 3,271,104</b>	<b>\$ 3,363,634</b>
<b>Grand Total: Uses of Funds</b>	<b>\$ 9,010,318</b>	<b>\$ 10,265,547</b>	<b>\$ 10,215,307</b>	<b>\$ 10,671,896</b>	<b>\$ 10,939,988</b>	<b>\$ 11,117,565</b>	<b>\$ 11,002,326</b>	<b>\$ 11,192,805</b>	<b>\$ 11,495,691</b>	<b>\$ 11,806,860</b>
<b>Annual Surplus/(Deficit)</b>	<b>\$ (2,653,505)</b>	<b>\$ (4,404,621)</b>	<b>\$ (4,354,381)</b>	<b>\$ (4,810,970)</b>	<b>\$ (5,079,062)</b>	<b>\$ (5,256,639)</b>	<b>\$ (5,141,400)</b>	<b>\$ (5,331,878)</b>	<b>\$ (5,634,765)</b>	<b>\$ (5,945,934)</b>
<b>Water Net Cost Req. (Total Uses less Non-Rate Rev)</b>	<b>\$ 7,898,738</b>	<b>\$ 9,642,155</b>	<b>\$ 9,591,915</b>	<b>\$ 10,048,504</b>	<b>\$ 10,316,595</b>	<b>\$ 10,494,173</b>	<b>\$ 10,378,934</b>	<b>\$ 10,569,412</b>	<b>\$ 10,872,298</b>	<b>\$ 11,183,468</b>

1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: SLVWD 2015 Working TB.xls and are actual revenues from FY 14/15.  
 2. OLY Assessment (Property Tax) Revenue expected to cease after FY 2015/16.  
 3. Expenses are from the FY 2015/16 Budget and from source file: FY1516 BUDGET FINAL.pdf. All projected expenses are rounded to the nearest \$100.

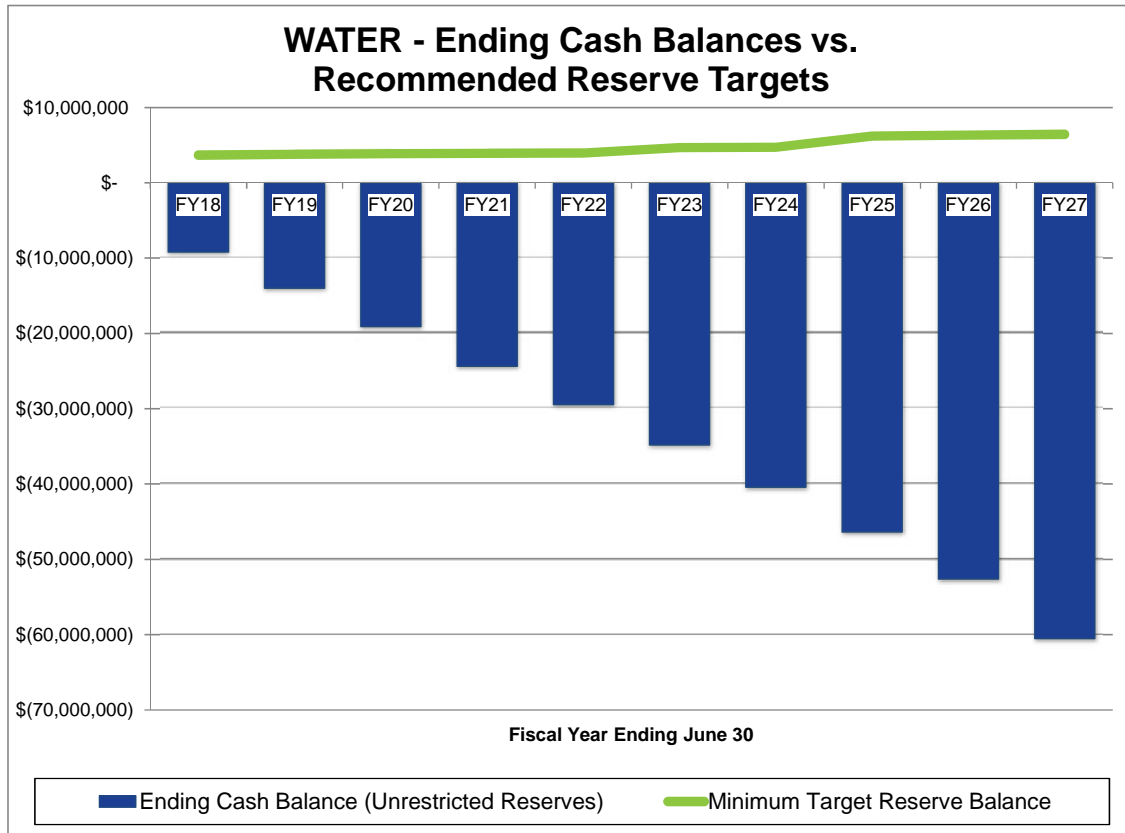
TABLE 2  
 RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - WATER	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Total Beginning Cash (1)</b>	\$ 2,595,259									
<b>Operational Reserve Fund</b>										
Beginning Reserve Balance (2)	\$ 2,218,677	\$ (430,534)	\$ (4,833,859)	\$ (9,186,372)	\$ (13,994,540)	\$ (19,069,865)	\$ (24,321,834)	\$ (29,457,630)	\$ (34,782,971)	\$ (40,410,264)
Plus: Net Cash Flow (After Rate Increases)	(2,653,505)	(4,404,621)	(4,354,381)	(4,810,970)	(5,079,062)	(5,256,639)	(5,141,400)	(5,331,878)	(5,634,765)	(5,945,934)
Plus: Transfer in from Debt Reserve Surpluses	4,294	1,296	1,868	2,802	3,736	4,670	5,604	6,538	7,472	7,472
Plus: Transfer in from Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Less: Transfer out to Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
<b>Ending Operating Reserve Balance</b>	\$ (430,534)	\$ (4,833,859)	\$ (9,186,372)	\$ (13,994,540)	\$ (19,069,865)	\$ (24,321,834)	\$ (29,457,630)	\$ (34,782,971)	\$ (40,410,264)	\$ (46,348,726)
<i>Target Ending Balance (\$1.5M, then graduating to 6 m</i>	\$ 1,500,000	\$ 1,500,000	\$ 1,684,000	\$ 1,779,000	\$ 1,851,000	\$ 1,900,000	\$ 1,951,000	\$ 2,671,000	\$ 2,742,000	\$ 4,222,000
<b>Capital Reserve Fund</b>										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Grant Proceeds	1,270,475	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	-	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Capital Projects	(1,270,475)	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Operating Reserve	-	-	-	-	-	-	-	-	-	-
<b>Ending Capital Replacement Reserve Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Capital Replacement Reserve (\$2M or 3% of Net Asse</i>	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<b>Ending Balance - Excl. Restricted Reserves</b>	\$ (430,534)	\$ (4,833,859)	\$ (9,186,372)	\$ (13,994,540)	\$ (19,069,865)	\$ (24,321,834)	\$ (29,457,630)	\$ (34,782,971)	\$ (40,410,264)	\$ (46,348,726)
<b>Min. Target Ending Balance - Excl. Restricted Reserves</b>	\$ 3,500,000	\$ 3,500,000	\$ 3,684,000	\$ 3,779,000	\$ 3,851,000	\$ 3,900,000	\$ 3,951,000	\$ 4,671,000	\$ 4,742,000	\$ 6,222,000
<b>Ending Surplus/(Deficit) Compared to Reserve Targ</b>	\$ (3,930,534)	\$ (8,333,859)	\$ (12,870,372)	\$ (17,773,540)	\$ (22,920,865)	\$ (28,221,834)	\$ (33,408,630)	\$ (39,453,971)	\$ (45,152,264)	\$ (52,570,726)
<b>Restricted Reserves:</b>										
<b>Debt Service Reserve Fund</b>										
Beginning Reserve Balance (3)	\$ 376,582	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	1,307	1,296	1,868	2,802	3,736	4,670	5,604	6,538	7,472	7,472
Less: Transfer of Surplus to Operating Reserve	(4,294)	(1,296)	(1,868)	(2,802)	(3,736)	(4,670)	(5,604)	(6,538)	(7,472)	(7,472)
<b>Ending Debt Reserve Balance</b>	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
<i>Target Ending Balance</i>	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
<b>Bond Project Fund</b>										
Beginning Reserve Balance (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: SRF Loan Funding Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	-	-	-	-	-	-	-	-
<b>Ending Bond Project Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Target Ending Balance</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Annual Interest Earnings Rate (4)</i>	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%

1. The beginning Cash balance is from June 2016 Liquid Assets report.
2. Operating Reserve is comprised of Cash and SC County Fund for SLV.
3. Debt Reserve Fund is comprised of the Liberty Savings, Morgan Stanley accounts, SC County Fund - Lompico, and LAIF funds.
4. Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2024 and phase into the historical 10 year average interest earnings rate.







SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>WATER FUND REVENUES:</b>											
<b>7101 Water Sales</b>											
WATER SERVICE FEES	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WATER USAGE FEES	1	-	-	-	-	-	-	-	-	-	-
BASIC SERVICE FEES	1	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938	2,780,938
WATER USAGE FEES	1	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596	2,456,596
<b>Subtotal</b>		<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>	<b>\$ 5,237,534</b>
<b>7501 Property Taxes</b>											
PROPERTY TAXES	1	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308
OLY ASSESSMENT REVENUE	1	235,444	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 762,752</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>	<b>\$ 527,308</b>
<b>7502 Rental Revenue</b>											
MOBILE SERVICES LEASE FEES	1	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713	\$ 15,713
JOHNSON PROPERTY RENTS	1	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
<b>Subtotal</b>		<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>	<b>\$ 29,713</b>
<b>7503 Investment Earnings</b>											
LOMPICO LOAN - INTEREST	1	\$ 1,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST - WATER	1	2,284	-	-	-	-	-	-	-	-	-
INTEREST - FELTON LOAN RESERVE	1	-	-	-	-	-	-	-	-	-	-
REALIZED G/L - MSDW	1	(119,479)	-	-	-	-	-	-	-	-	-
UNREALIZED GAINS/LOSS - MSDW	1	77,997	-	-	-	-	-	-	-	-	-
INTEREST DIVIDEND - MSDW	1	36,068	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ (1,909)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>7504 Gain/Loss on Sale of Assets</b>											
SALE OF SURPLUS PROPERTY	1	\$ 34,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOSS ON SALE/ABAND FIXED ASSET	1	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 34,499</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>7505 Other Income</b>											
ACCT. ESTAB. CHARGES & PENALTY	1	\$ 99,066	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
ASSESSMENT BOND - N.B.C.	1	-	-	-	-	-	-	-	-	-	-
SALE OF METERS	1	25,830	-	-	-	-	-	-	-	-	-
MISCELLANEOUS	1	9,803	9,803	9,803	9,803	9,803	9,803	9,803	9,803	9,803	9,803
REIMB. FOR MANANA WOODS	1	145,257	-	-	-	-	-	-	-	-	-
LOMPICO LOAN - PRINCIPAL	1	-	-	-	-	-	-	-	-	-	-
CSI - #34053 MANANA WOODS	1	237	237	237	237	237	237	237	237	237	237
CSI - # 34057 LYON WTP	1	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
CSI - #34058 KIRBY WTP	1	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184
<b>Subtotal</b>		<b>\$ 286,525</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>	<b>\$ 66,372</b>
<b>GRAND TOTAL: REVENUE</b>		<b>\$ 6,349,114</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>

WATER REVENUE SUMMARY:

<b>WATER REVENUES:</b>											
<b>RATE REVENUE:</b>											
7101 Water Sales		\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534	\$ 5,237,534
<b>OTHER REVENUE:</b>											
7501 Property Taxes		\$ 762,752	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308	\$ 527,308
7502 Rental Revenue		29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713
7503 Investment Earnings		(1,909)	-	-	-	-	-	-	-	-	-
7504 Gain/Loss on Sale of Assets		34,499	-	-	-	-	-	-	-	-	-
7505 Other Income		286,525	66,372	66,372	66,372	66,372	66,372	66,372	66,372	66,372	66,372
<b>GRAND TOTAL: REVENUE</b>		<b>\$ 6,349,114</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>	<b>\$ 5,860,926</b>
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ADMINISTRATION - 01	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 223,000	\$ 229,000	\$ 235,100	\$ 241,400	\$ 247,900	\$ 254,600	\$ 261,400	\$ 268,400	\$ 275,600	\$ 283,000
DIRECTORS FEES	3	23,000	23,600	24,200	24,800	25,500	26,200	26,900	27,600	28,300	29,100
<b>Subtotal</b>		<b>\$ 246,000</b>	<b>\$ 252,600</b>	<b>\$ 259,300</b>	<b>\$ 266,200</b>	<b>\$ 273,400</b>	<b>\$ 280,800</b>	<b>\$ 288,300</b>	<b>\$ 296,000</b>	<b>\$ 303,900</b>	<b>\$ 312,100</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ 40,500	\$ 41,600	\$ 42,700	\$ 43,800	\$ 45,000	\$ 46,200	\$ 47,400	\$ 48,700	\$ 50,000	\$ 51,300
DENTAL INSURANCE	3	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800
VISION INSURANCE	3	450	500	500	500	500	500	500	500	500	500
LIFE INSURANCE	3	400	400	400	400	400	400	400	400	400	400
LONG TERM DISABILITY	3	1,150	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
PERS - RETIREMENT	3	24,700	25,400	26,100	26,800	27,500	28,200	29,000	29,800	30,600	31,400
FICA - SOCIAL SECURITY	3	11,000	11,300	11,600	11,900	12,200	12,500	12,800	13,100	13,500	13,900
WORKERS COMPENSATION	3	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
ASSISTANCE PROGRAM	3	100	100	100	100	100	100	100	100	100	100
OTHER PAYROLL CHARGES	3	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900
MEDICARE RETIRED MEDICAL	3	3,250	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100
RETIRED MEDICAL	3	13,000	13,300	13,700	14,100	14,500	14,900	15,300	15,700	16,100	16,500
ANNUAL OPEB	3	35,000	35,900	36,900	37,900	38,900	39,900	41,000	42,100	43,200	44,400
<b>Subtotal</b>		<b>\$ 135,550</b>	<b>\$ 139,200</b>	<b>\$ 143,000</b>	<b>\$ 146,800</b>	<b>\$ 150,700</b>	<b>\$ 154,600</b>	<b>\$ 158,700</b>	<b>\$ 162,900</b>	<b>\$ 167,200</b>	<b>\$ 171,600</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 381,550</b>	<b>\$ 391,800</b>	<b>\$ 402,300</b>	<b>\$ 413,000</b>	<b>\$ 424,100</b>	<b>\$ 435,400</b>	<b>\$ 447,000</b>	<b>\$ 458,900</b>	<b>\$ 471,100</b>	<b>\$ 483,700</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 112,550	\$ 115,500	\$ 118,600	\$ 121,700	\$ 124,900	\$ 128,200	\$ 131,600	\$ 135,100	\$ 138,700	\$ 142,400
LEGAL SERVICES	2	60,000	61,600	63,200	64,900	66,600	68,400	70,200	72,100	74,000	76,000
UTILITIES DISTRICT OFFICE	2	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700	15,100
AUTO ALLOWANCE	2	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,100
RENTALS/LEASES/PERMITS	2	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
FACILITIES MAINTENANCE	2	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700	15,100
TELEPHONE/COMMUNICATIONS	2	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600	22,200	22,800
OFFICE SUPPLIES (includes 5078)	2	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	12,700
POSTAGE	2	500	500	500	500	500	500	500	500	500	500
SUBSCRIPTIONS/BOOKS	2	500	500	500	500	500	500	500	500	500	500
ADVERTISING	2	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
TRAINING, CONFERENCES & MEETINGS	2	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,900	6,100
MEMBERSHIPS & DUES (includes 5085)	2	33,000	33,900	34,800	35,700	36,600	37,600	38,600	39,600	40,600	41,700
INSURANCE - PROPERTY (SDRMA)	2	77,000	79,000	81,100	83,200	85,400	87,700	90,000	92,400	94,800	97,300
LEGAL SETTLEMENTS	2	-	-	-	-	-	-	-	-	-	-
ELECTION FEES	2	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 349,750</b>	<b>\$ 358,900</b>	<b>\$ 368,300</b>	<b>\$ 377,800</b>	<b>\$ 387,500</b>	<b>\$ 397,600</b>	<b>\$ 408,000</b>	<b>\$ 418,800</b>	<b>\$ 429,800</b>	<b>\$ 441,200</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 349,750</b>	<b>\$ 358,900</b>	<b>\$ 368,300</b>	<b>\$ 377,800</b>	<b>\$ 387,500</b>	<b>\$ 397,600</b>	<b>\$ 408,000</b>	<b>\$ 418,800</b>	<b>\$ 429,800</b>	<b>\$ 441,200</b>
ADMINISTRATION OVERHEAD ALLOCATION TO SEWER (1.5%) (3)		(10,970)	(11,261)	(11,559)	(11,862)	(12,174)	(12,495)	(12,825)	(13,166)	(13,514)	(13,874)
<b>TOTAL: ADMINISTRATION</b>		<b>\$ 720,331</b>	<b>\$ 739,440</b>	<b>\$ 759,041</b>	<b>\$ 778,938</b>	<b>\$ 799,426</b>	<b>\$ 820,505</b>	<b>\$ 842,175</b>	<b>\$ 864,535</b>	<b>\$ 887,387</b>	<b>\$ 911,027</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: FINANCE - 02	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 365,000	\$ 374,800	\$ 384,900	\$ 395,200	\$ 405,800	\$ 416,700	\$ 427,900	\$ 439,400	\$ 451,200	\$ 463,300
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	500	500	500	500	500	500	500	500	500	500
<b>Subtotal</b>		<b>\$ 365,500</b>	<b>\$ 375,300</b>	<b>\$ 385,400</b>	<b>\$ 395,700</b>	<b>\$ 406,300</b>	<b>\$ 417,200</b>	<b>\$ 428,400</b>	<b>\$ 439,900</b>	<b>\$ 451,700</b>	<b>\$ 463,800</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ 55,700	\$ 57,200	\$ 58,700	\$ 60,300	\$ 61,900	\$ 63,600	\$ 65,300	\$ 67,100	\$ 68,900	\$ 70,700
DENTAL INSURANCE	3	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
VISION INSURANCE	3	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
LIFE INSURANCE	3	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
LONG TERM DISABILITY	3	1,850	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600	2,700
PERS - RETIREMENT	3	36,500	37,500	38,500	39,500	40,600	41,700	42,800	43,900	45,100	46,300
FICA - SOCIAL SECURITY	3	22,650	23,300	23,900	24,500	25,200	25,900	26,600	27,300	28,000	28,800
WORKERS COMPENSATION	3	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
ASSISTANCE PROGRAM	3	225	200	200	200	200	200	200	200	200	200
MEDICARE RETIRED MEDICAL	3	5,300	5,400	5,500	5,600	5,800	6,000	6,200	6,400	6,600	6,800
<b>Subtotal</b>		<b>\$ 132,325</b>	<b>\$ 135,800</b>	<b>\$ 139,300</b>	<b>\$ 142,900</b>	<b>\$ 146,800</b>	<b>\$ 150,800</b>	<b>\$ 154,800</b>	<b>\$ 158,900</b>	<b>\$ 163,100</b>	<b>\$ 167,400</b>
<b>Additional Positions (4)</b>											
Fully Loaded Cost of New Position #1	3	\$ -	\$ 100,000	\$ 102,700	\$ 105,500	\$ 108,300	\$ 111,200	\$ 114,200	\$ 117,300	\$ 120,400	\$ 123,600
Fully Loaded Cost of New Position #2	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
Fully Loaded Cost of New Position #3	3	-	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300
Fully Loaded Cost of New Position #4	3	-	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300
Fully Loaded Cost of New Position #5	3	-	-	-	-	100,000	102,700	105,500	108,300	111,200	114,200
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 202,700</b>	<b>\$ 408,200</b>	<b>\$ 519,200</b>	<b>\$ 533,200</b>	<b>\$ 547,500</b>	<b>\$ 562,200</b>	<b>\$ 577,300</b>	<b>\$ 592,800</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 497,825</b>	<b>\$ 611,100</b>	<b>\$ 727,400</b>	<b>\$ 946,800</b>	<b>\$ 1,072,300</b>	<b>\$ 1,101,200</b>	<b>\$ 1,130,700</b>	<b>\$ 1,161,000</b>	<b>\$ 1,192,100</b>	<b>\$ 1,224,000</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 60,220	\$ 61,800	\$ 63,400	\$ 65,100	\$ 66,800	\$ 68,600	\$ 70,400	\$ 72,300	\$ 74,200	\$ 76,200
AUDIT SERVICES	2	25,000	25,700	26,400	27,100	27,800	28,500	29,300	30,100	30,900	31,700
OFFICE SUPPLIES (includes 5078)	2	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700	15,100
POSTAGE	2	40,000	41,100	42,200	43,300	44,400	45,600	46,800	48,000	49,300	50,600
TRAINING, CONFERENCES & MEETINGS	2	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
COLLECTION COSTS/BANK FEES	2	30,000	30,800	31,600	32,400	33,300	34,200	35,100	36,000	37,000	38,000
BAD DEBTS	2	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800
<b>Subtotal</b>		<b>\$ 176,220</b>	<b>\$ 181,000</b>	<b>\$ 185,800</b>	<b>\$ 190,700</b>	<b>\$ 195,700</b>	<b>\$ 200,900</b>	<b>\$ 206,300</b>	<b>\$ 211,800</b>	<b>\$ 217,500</b>	<b>\$ 223,300</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 176,220</b>	<b>\$ 181,000</b>	<b>\$ 185,800</b>	<b>\$ 190,700</b>	<b>\$ 195,700</b>	<b>\$ 200,900</b>	<b>\$ 206,300</b>	<b>\$ 211,800</b>	<b>\$ 217,500</b>	<b>\$ 223,300</b>
<b>TOTAL: FINANCE</b>		<b>\$ 674,045</b>	<b>\$ 792,100</b>	<b>\$ 913,200</b>	<b>\$ 1,137,500</b>	<b>\$ 1,268,000</b>	<b>\$ 1,302,100</b>	<b>\$ 1,337,000</b>	<b>\$ 1,372,800</b>	<b>\$ 1,409,600</b>	<b>\$ 1,447,300</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: ENGINEERING - 03	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	2	\$ 103,550	\$ 106,300	\$ 109,100	\$ 112,000	\$ 115,000	\$ 118,000	\$ 121,100	\$ 124,300	\$ 127,600	\$ 131,000
OVERTIME WAGES	2	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 103,550</b>	<b>\$ 106,300</b>	<b>\$ 109,100</b>	<b>\$ 112,000</b>	<b>\$ 115,000</b>	<b>\$ 118,000</b>	<b>\$ 121,100</b>	<b>\$ 124,300</b>	<b>\$ 127,600</b>	<b>\$ 131,000</b>
<b>Benefits</b>											
MEDICAL INSURANCE	2	\$ 16,000	\$ 16,400	\$ 16,800	\$ 17,200	\$ 17,700	\$ 18,200	\$ 18,700	\$ 19,200	\$ 19,700	\$ 20,200
DENTAL INSURANCE	2	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
VISION INSURANCE	2	200	200	200	200	200	200	200	200	200	200
LIFE INSURANCE	2	200	200	200	200	200	200	200	200	200	200
LONG TERM DISABILITY	2	525	500	500	500	500	500	500	500	500	500
PERS - RETIREMENT	2	13,200	13,500	13,900	14,300	14,700	15,100	15,500	15,900	16,300	16,700
FICA - SOCIAL SECURITY	2	6,450	6,600	6,800	7,000	7,200	7,400	7,600	7,800	8,000	8,200
WORKERS COMPENSATION	2	500	500	500	500	500	500	500	500	500	500
ASSISTANCE PROGRAM	2	50	100	100	100	100	100	100	100	100	100
MEDICARE RETIRED MEDICAL	2	1,525	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
SPECIAL CLOTHING	2	675	700	700	700	700	700	700	700	700	700
ANNUAL OPEB	2	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 40,625</b>	<b>\$ 41,600</b>	<b>\$ 42,600</b>	<b>\$ 43,600</b>	<b>\$ 44,700</b>	<b>\$ 45,800</b>	<b>\$ 46,900</b>	<b>\$ 48,000</b>	<b>\$ 49,100</b>	<b>\$ 50,200</b>
<b>Additional Positions (4)</b>											
Fully Loaded Cost of New Position #6	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 102,700</b>	<b>\$ 105,500</b>	<b>\$ 108,300</b>	<b>\$ 111,200</b>	<b>\$ 114,200</b>	<b>\$ 117,300</b>	<b>\$ 120,400</b>	<b>\$ 123,600</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 144,175</b>	<b>\$ 247,900</b>	<b>\$ 254,400</b>	<b>\$ 261,100</b>	<b>\$ 268,000</b>	<b>\$ 275,000</b>	<b>\$ 282,200</b>	<b>\$ 289,600</b>	<b>\$ 297,100</b>	<b>\$ 304,800</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 20,000	\$ 20,500	\$ 21,000	\$ 21,600	\$ 22,200	\$ 22,800	\$ 23,400	\$ 24,000	\$ 24,600	\$ 25,300
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
MAINT/OPERATIONS OF VEHICLES	2	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SMALL TOOLS/MAINT & REPAIRS	2	100	100	100	100	100	100	100	100	100	100
EQUIP. NON-CAP	2	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
COMMUNICATIONS	2	750	800	800	800	800	800	800	800	800	800
OFFICE SUPPLIES	2	750	800	800	800	800	800	800	800	800	800
SUBSCRIPTIONS/BOOKS	2	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
TRAINING, CONFERENCES & MEETINGS	2	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
MEMBERSHIPS & DUES	2	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800
<b>Subtotal</b>		<b>\$ 32,000</b>	<b>\$ 32,800</b>	<b>\$ 33,500</b>	<b>\$ 34,300</b>	<b>\$ 35,100</b>	<b>\$ 35,900</b>	<b>\$ 36,700</b>	<b>\$ 37,500</b>	<b>\$ 38,300</b>	<b>\$ 39,200</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 32,000</b>	<b>\$ 32,800</b>	<b>\$ 33,500</b>	<b>\$ 34,300</b>	<b>\$ 35,100</b>	<b>\$ 35,900</b>	<b>\$ 36,700</b>	<b>\$ 37,500</b>	<b>\$ 38,300</b>	<b>\$ 39,200</b>
<b>TOTAL: ENGINEERING</b>		<b>\$ 176,175</b>	<b>\$ 280,700</b>	<b>\$ 287,900</b>	<b>\$ 295,400</b>	<b>\$ 303,100</b>	<b>\$ 310,900</b>	<b>\$ 318,900</b>	<b>\$ 327,100</b>	<b>\$ 335,400</b>	<b>\$ 344,000</b>

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/DISTRIBUTION - 04	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 871,100	\$ 894,500	\$ 918,500	\$ 943,200	\$ 968,500	\$ 994,500	\$ 1,021,200	\$ 1,048,600	\$ 1,076,800	\$ 1,105,700
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	40,000	41,100	42,200	43,300	44,500	45,700	46,900	48,200	49,500	50,800
STANDBY WAGES	3	27,000	27,700	28,400	29,200	30,000	30,800	31,600	32,400	33,300	34,200
<b>Subtotal</b>		<b>\$ 938,100</b>	<b>\$ 963,300</b>	<b>\$ 989,100</b>	<b>\$ 1,015,700</b>	<b>\$ 1,043,000</b>	<b>\$ 1,071,000</b>	<b>\$ 1,099,700</b>	<b>\$ 1,129,200</b>	<b>\$ 1,159,600</b>	<b>\$ 1,190,700</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ 183,000	\$ 187,900	\$ 192,900	\$ 198,100	\$ 203,400	\$ 208,900	\$ 214,500	\$ 220,300	\$ 226,200	\$ 232,300
DENTAL INSURANCE	3	19,200	19,700	20,200	20,700	21,300	21,900	22,500	23,100	23,700	24,300
VISION INSURANCE	3	2,800	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700
LIFE INSURANCE	3	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100
LONG TERM DISABILITY	3	4,500	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400
PERS - RETIREMENT	3	103,500	106,300	109,200	112,100	115,100	118,200	121,400	124,700	128,000	131,400
FICA - SOCIAL SECURITY	3	57,500	59,000	60,600	62,200	63,900	65,600	67,400	69,200	71,100	73,000
WORKERS COMPENSATION	3	40,000	41,100	42,200	43,300	44,500	45,700	46,900	48,200	49,500	50,800
ASSISTANCE PROGRAM	3	500	500	500	500	500	500	500	500	500	500
MEDICARE RETIRED MEDICAL	3	13,600	14,000	14,400	14,800	15,200	15,600	16,000	16,400	16,800	17,300
SPECIAL CLOTHING	3	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600	8,800	9,000
CERTIFICATIONS	3	750	800	800	800	800	800	800	800	800	800
<b>Subtotal</b>		<b>\$ 434,750</b>	<b>\$ 446,500</b>	<b>\$ 458,500</b>	<b>\$ 470,700</b>	<b>\$ 483,400</b>	<b>\$ 496,400</b>	<b>\$ 509,700</b>	<b>\$ 523,400</b>	<b>\$ 537,300</b>	<b>\$ 551,600</b>
<b>Additional Positions (4)</b>											
Fully Loaded Cost of New Position #7	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Fully Loaded Cost of New Position #8	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 202,700</b>	<b>\$ 208,200</b>	<b>\$ 213,800</b>	<b>\$ 219,500</b>	<b>\$ 225,400</b>	<b>\$ 231,500</b>	<b>\$ 237,700</b>	<b>\$ 244,000</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 1,372,850</b>	<b>\$ 1,509,800</b>	<b>\$ 1,650,300</b>	<b>\$ 1,694,600</b>	<b>\$ 1,740,200</b>	<b>\$ 1,786,900</b>	<b>\$ 1,834,800</b>	<b>\$ 1,884,100</b>	<b>\$ 1,934,600</b>	<b>\$ 1,986,300</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 70,000	\$ 71,900	\$ 73,800	\$ 75,800	\$ 77,800	\$ 79,900	\$ 82,000	\$ 84,200	\$ 86,400	\$ 88,700
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	110,000	112,900	115,900	119,000	122,200	125,400	128,700	132,100	135,600	139,200
OPERATING SUPPLIES	2	90,000	92,400	94,800	97,300	99,900	102,500	105,200	108,000	110,900	113,800
MAINT & OPERATIONS OF VEHICLES	2	75,000	77,000	79,000	81,100	83,200	85,400	87,700	90,000	92,400	94,800
RENTAL/LEASES/PERMITS	2	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	12,700
SMALL TOOLS-MAINT & REPAIRS	2	10,000	10,300	10,600	10,900	11,200	11,500	11,800	12,100	12,400	12,700
EQUIPMENT NON-CAP	2	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300
FACILITIES MAINTENANCE	2	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500	19,000
COMMUNICATIONS & TELEMETERING	2	56,000	57,500	59,000	60,600	62,200	63,800	65,500	67,200	69,000	70,800
OFFICE SUPPLIES (included 5078)	2	6,500	6,700	6,900	7,100	7,300	7,500	7,700	7,900	8,100	8,300
SUBSCRIPTIONS/BOOKS	2	-	-	-	-	-	-	-	-	-	-
TRAINING, CONFERENCES & MEETINGS	2	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,900	6,100
SPECIAL PROJECTS	2	51,000	52,400	53,800	55,200	56,700	58,200	59,700	61,300	62,900	64,600
<b>Subtotal</b>		<b>\$ 506,000</b>	<b>\$ 519,600</b>	<b>\$ 533,300</b>	<b>\$ 547,500</b>	<b>\$ 562,000</b>	<b>\$ 576,700</b>	<b>\$ 591,900</b>	<b>\$ 607,500</b>	<b>\$ 623,600</b>	<b>\$ 640,000</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 506,000</b>	<b>\$ 519,600</b>	<b>\$ 533,300</b>	<b>\$ 547,500</b>	<b>\$ 562,000</b>	<b>\$ 576,700</b>	<b>\$ 591,900</b>	<b>\$ 607,500</b>	<b>\$ 623,600</b>	<b>\$ 640,000</b>
<b>TOTAL: OPERATIONS/DISTRIBUTION</b>		<b>\$ 1,878,850</b>	<b>\$ 2,029,400</b>	<b>\$ 2,183,600</b>	<b>\$ 2,242,100</b>	<b>\$ 2,302,200</b>	<b>\$ 2,363,600</b>	<b>\$ 2,426,700</b>	<b>\$ 2,491,600</b>	<b>\$ 2,558,200</b>	<b>\$ 2,626,300</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: WATERSHED - 05	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 89,500	\$ 91,900	\$ 94,400	\$ 96,900	\$ 99,500	\$ 102,200	\$ 104,900	\$ 107,700	\$ 110,600	\$ 113,600
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 89,500</b>	<b>\$ 91,900</b>	<b>\$ 94,400</b>	<b>\$ 96,900</b>	<b>\$ 99,500</b>	<b>\$ 102,200</b>	<b>\$ 104,900</b>	<b>\$ 107,700</b>	<b>\$ 110,600</b>	<b>\$ 113,600</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ 20,100	\$ 20,600	\$ 21,200	\$ 21,800	\$ 22,400	\$ 23,000	\$ 23,600	\$ 24,200	\$ 24,800	\$ 25,500
DENTAL INSURANCE	3	2,150	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
VISION INSURANCE	3	325	300	300	300	300	300	300	300	300	300
LIFE INSURANCE	3	60	100	100	100	100	100	100	100	100	100
LONG TERM DISABILITY	3	500	500	500	500	500	500	500	500	500	500
PERS - RETIREMENT	3	11,400	11,700	12,000	12,300	12,600	12,900	13,200	13,600	14,000	14,400
FICA - SOCIAL SECURITY	3	5,600	5,800	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400
WORKERS COMPENSATION	3	425	400	400	400	400	400	400	400	400	400
ASSISTANCE PROGRAM	3	25	-	-	-	-	-	-	-	-	-
MEDICARE	3	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
SPECIAL CLOTHING	3	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 41,885</b>	<b>\$ 42,900</b>	<b>\$ 44,100</b>	<b>\$ 45,300</b>	<b>\$ 46,500</b>	<b>\$ 47,700</b>	<b>\$ 48,900</b>	<b>\$ 50,200</b>	<b>\$ 51,500</b>	<b>\$ 52,900</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 131,385</b>	<b>\$ 134,800</b>	<b>\$ 138,500</b>	<b>\$ 142,200</b>	<b>\$ 146,000</b>	<b>\$ 149,900</b>	<b>\$ 153,800</b>	<b>\$ 157,900</b>	<b>\$ 162,100</b>	<b>\$ 166,500</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 80,000	\$ 82,100	\$ 84,300	\$ 86,500	\$ 88,800	\$ 91,200	\$ 93,600	\$ 96,100	\$ 98,600	\$ 101,200
ROAD MAINTENANCE	2	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500	19,000
OPERATING SUPPLIES	2	500	500	500	500	500	500	500	500	500	500
COMMUNICATIONS & TELEMETERING	2	300	300	300	300	300	300	300	300	300	300
SUBSCRIPTIONS/BOOKS	2	300	300	300	300	300	300	300	300	300	300
TRAINING, CONFERENCES & MEETINGS	2	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
MEMBERSHIP & DUES	2	1,250	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
WATERSHED & DATA COLLECTION GRNTS	2	15,000	15,400	15,800	16,200	16,600	17,000	17,500	18,000	18,500	19,000
WATER CONSERVATION PROGRAM	2	65,000	66,700	68,500	70,300	72,200	74,100	76,100	78,100	80,200	82,300
EDUCATION GRANT PROGRAM	2	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,000	21,600	22,200
SPECIAL PROJECTS	2	170,000	174,500	179,100	183,800	188,700	193,700	198,800	204,100	209,500	215,100
<b>Subtotal</b>		<b>\$ 367,850</b>	<b>\$ 377,600</b>	<b>\$ 387,600</b>	<b>\$ 397,700</b>	<b>\$ 408,200</b>	<b>\$ 418,900</b>	<b>\$ 430,000</b>	<b>\$ 441,400</b>	<b>\$ 453,100</b>	<b>\$ 465,100</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 367,850</b>	<b>\$ 377,600</b>	<b>\$ 387,600</b>	<b>\$ 397,700</b>	<b>\$ 408,200</b>	<b>\$ 418,900</b>	<b>\$ 430,000</b>	<b>\$ 441,400</b>	<b>\$ 453,100</b>	<b>\$ 465,100</b>
<b>TOTAL: WATERSHED</b>		<b>\$ 499,235</b>	<b>\$ 512,400</b>	<b>\$ 526,100</b>	<b>\$ 539,900</b>	<b>\$ 554,200</b>	<b>\$ 568,800</b>	<b>\$ 583,800</b>	<b>\$ 599,300</b>	<b>\$ 615,200</b>	<b>\$ 631,600</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Operating Revenue and Expenses

EXHIBIT 1

WATER FUND OPERATING EXPENSE FORECAST (2):

DEPARTMENT: OPERATIONS/SUPPLY & TREATMENT -08	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 681,000	\$ 699,300	\$ 718,100	\$ 737,400	\$ 757,200	\$ 777,500	\$ 798,400	\$ 819,800	\$ 841,800	\$ 864,400
TEMPORARY SALARIES	3	-	-	-	-	-	-	-	-	-	-
OVERTIME WAGES	3	37,000	38,000	39,000	40,000	41,100	42,200	43,300	44,500	45,700	46,900
STANDBY	3	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700	4,800	4,900
<b>Subtotal</b>		<b>\$ 722,000</b>	<b>\$ 741,400</b>	<b>\$ 761,300</b>	<b>\$ 781,700</b>	<b>\$ 802,700</b>	<b>\$ 824,200</b>	<b>\$ 846,300</b>	<b>\$ 869,000</b>	<b>\$ 892,300</b>	<b>\$ 916,200</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ 99,000	\$ 101,700	\$ 104,400	\$ 107,200	\$ 110,100	\$ 113,100	\$ 116,100	\$ 119,200	\$ 122,400	\$ 125,700
DENTAL INSURANCE	3	9,900	10,200	10,500	10,800	11,100	11,400	11,700	12,000	12,300	12,600
VISION INSURANCE	3	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
LIFE INSURANCE	3	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
LONG TERM DISABILITY	3	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
PERS - RETIREMENT	3	88,800	91,200	93,600	96,100	98,700	101,400	104,100	106,900	109,800	112,700
FICA - SOCIAL SECURITY	3	44,300	45,500	46,700	48,000	49,300	50,600	52,000	53,400	54,800	56,300
WORKERS COMPENSATION	3	31,500	32,300	33,200	34,100	35,000	35,900	36,900	37,900	38,900	39,900
ASSISTANCE PROGRAM	3	350	400	400	400	400	400	400	400	400	400
MEDICARE RETIRED MEDICAL	3	10,500	10,800	11,100	11,400	11,700	12,000	12,300	12,600	12,900	13,200
SPECIAL CLOTHING	3	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,800	6,000	6,200
CERTIFICATIONS	3	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Subtotal</b>		<b>\$ 297,350</b>	<b>\$ 305,300</b>	<b>\$ 313,300</b>	<b>\$ 321,600</b>	<b>\$ 330,100</b>	<b>\$ 338,800</b>	<b>\$ 347,700</b>	<b>\$ 356,900</b>	<b>\$ 366,300</b>	<b>\$ 375,900</b>
<b>Additional Positions (4)</b>											
Fully Loaded Cost of New Position #9	3	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400	123,600
Fully Loaded Cost of New Position #10	3	-	-	100,000	102,700	105,500	108,300	111,200	114,200	117,300	120,400
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 202,700</b>	<b>\$ 208,200</b>	<b>\$ 213,800</b>	<b>\$ 219,500</b>	<b>\$ 225,400</b>	<b>\$ 231,500</b>	<b>\$ 237,700</b>	<b>\$ 244,000</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 1,019,350</b>	<b>\$ 1,146,700</b>	<b>\$ 1,277,300</b>	<b>\$ 1,311,500</b>	<b>\$ 1,346,600</b>	<b>\$ 1,382,500</b>	<b>\$ 1,419,400</b>	<b>\$ 1,457,400</b>	<b>\$ 1,496,300</b>	<b>\$ 1,536,100</b>
<b>MATERIALS &amp; SERVICES</b>											
CONTRACT/PROFESSIONAL SERVICES	2	\$ 100,000	\$ 102,700	\$ 105,400	\$ 108,200	\$ 111,100	\$ 114,000	\$ 117,000	\$ 120,100	\$ 123,300	\$ 126,600
CONTRACT SERVICES MANANA WOODS	2	20,000	20,500	21,000	21,600	22,200	22,800	23,400	24,000	24,600	25,300
OUTSIDE WATER ANALYSIS	2	64,000	65,700	67,400	69,200	71,000	72,900	74,800	76,800	78,800	80,900
LAB SUPPLIES	2	12,000	12,300	12,600	12,900	13,200	13,500	13,900	14,300	14,700	15,100
EQUIPMENT REPLACEMENT	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	285,000	292,600	300,400	308,400	316,600	325,000	333,600	342,400	351,500	360,800
CHEMICALS	2	34,000	34,900	35,800	36,700	37,700	38,700	39,700	40,800	41,900	43,000
OPERATING SUPPLIES	2	45,000	46,200	47,400	48,700	50,000	51,300	52,700	54,100	55,500	57,000
MAINTENANCE/OPERATIONS OF VEHICLES	2	22,000	22,600	23,200	23,800	24,400	25,000	25,700	26,400	27,100	27,800
RENTAL/LEASES/PERMITS	2	105,000	107,800	110,700	113,600	116,600	119,700	122,900	126,200	129,500	132,900
SMALL TOOLS-MAINTENANCE & REPAIRS	2	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
EQUIPMENT NON-CAP	2	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600	8,800
FACILITIES MAINTENANCE	2	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300
COMMUNICATIONS & TELEMETERING	2	34,000	34,900	35,800	36,700	37,700	38,700	39,700	40,800	41,900	43,000
OFFICE SUPPLIES (included 5078)	2	5,800	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600
SUBSCRIPTIONS/BOOKS	2	500	500	500	500	500	500	500	500	500	500
TRAINING, CONFERENCES & MEETINGS	2	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900
OTHER HOUSEHOLD SUPPLIES	2	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 748,300</b>	<b>\$ 768,300</b>	<b>\$ 788,600</b>	<b>\$ 809,500</b>	<b>\$ 831,000</b>	<b>\$ 852,900</b>	<b>\$ 875,500</b>	<b>\$ 898,800</b>	<b>\$ 922,500</b>	<b>\$ 946,900</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 748,300</b>	<b>\$ 768,300</b>	<b>\$ 788,600</b>	<b>\$ 809,500</b>	<b>\$ 831,000</b>	<b>\$ 852,900</b>	<b>\$ 875,500</b>	<b>\$ 898,800</b>	<b>\$ 922,500</b>	<b>\$ 946,900</b>
<b>TOTAL: OPERATIONS/SUPPLY &amp; TREATMENT</b>		<b>\$ 1,767,650</b>	<b>\$ 1,915,000</b>	<b>\$ 2,065,900</b>	<b>\$ 2,121,000</b>	<b>\$ 2,177,600</b>	<b>\$ 2,235,400</b>	<b>\$ 2,294,900</b>	<b>\$ 2,356,200</b>	<b>\$ 2,418,800</b>	<b>\$ 2,483,000</b>
<b>GRAND TOTAL: WATER FUND OPERATING EXPENSES</b>		<b>\$ 5,716,286</b>	<b>\$ 6,269,040</b>	<b>\$ 6,735,741</b>	<b>\$ 7,114,838</b>	<b>\$ 7,404,526</b>	<b>\$ 7,601,305</b>	<b>\$ 7,803,475</b>	<b>\$ 8,011,535</b>	<b>\$ 8,224,587</b>	<b>\$ 8,443,227</b>



NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>DEPRECIATION</b>											
DEPRECIATION TRANSPORTATION	1	\$ 880	900	900	900	900	900	900	900	900	900
DEPRECIATION	1	\$ 1,084,474	1,084,500	1,084,500	1,084,500	1,084,500	1,084,500	1,084,500	1,084,500	1,084,500	1,084,500
DEPRECIATION-PUMPING	1	\$ 11,430	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400	11,400
DEPRECIATION-MAINTENANCE	1	\$ 554	600	600	600	600	600	600	600	600	600
DEPRECIATION EXPENSE (Bear Creek)	1	\$ 41,773	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800	41,800
<b>SUBTOTAL: DEPRECIATION</b>		<b>\$ 1,139,110</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>	<b>\$ 1,139,200</b>

FORECASTING ASSUMPTIONS, Shown for Reference Purposes Only

INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (5)	2	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (6)	3	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (7)	5	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (8)	6	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: SLVWD 2015 Working TB.xls and are actual revenues from FY 14/15.
2. Expenses are from the FY 2015/16 Budget and from source file: FY1516 BUDGET FINAL.pdf. All projected expenses are rounded to the nearest \$100.
3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.
4. New Positions are recommendations found in the Staffing Study Report, prepared by DeLoach & Associates, Inc., August 2016.
5. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.  
[http://www.bls.gov/regions/west/news-release/consumerpriceindex\\_sanfrancisco.htm](http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm)
6. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).  
[http://www.bls.gov/regions/west/news-release/2016/employmentcostindex\\_sanjose\\_20161031.htm](http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm)
7. Estimated energy cost inflation provided by a University of California Davis report:  
*The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040,* by Johnathan Cook, Ph.D., page 31, Table 7.
8. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

CAPITAL FUNDING SUMMARY - WATER

CAPITAL FUNDING FORECAST - WATER	Budget				Projected					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Funding Sources:</b>										
Grants	\$ 1,270,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Rate Revenue	2,397,525	3,100,000	2,583,059	2,660,550	2,740,367	2,822,578	2,907,255	2,994,473	3,084,307	3,176,836
<b>Total Sources of Capital Funds</b>	<b>\$ 3,668,000</b>	<b>\$ 3,100,000</b>	<b>\$ 2,583,059</b>	<b>\$ 2,660,550</b>	<b>\$ 2,740,367</b>	<b>\$ 2,822,578</b>	<b>\$ 2,907,255</b>	<b>\$ 2,994,473</b>	<b>\$ 3,084,307</b>	<b>\$ 3,176,836</b>
<b>Uses of Capital Funds:</b>										
Total Project Costs	\$ 3,668,000	\$ 3,100,000	\$ 2,583,059	\$ 2,660,550	\$ 2,740,367	\$ 2,822,578	\$ 2,907,255	\$ 2,994,473	\$ 3,084,307	\$ 3,176,836
<b>Capital Funding Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SRF Loan Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>New Revenue Bond Proceeds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CAPITAL IMPROVEMENT PROGRAM - WATER

Water Capital Improvement Program Costs (in Current-Year Dollars) (1):

Project Description & ID	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Engineering: Other Capital Projects</b>										
Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Distribution: Water Meters &amp; Registers</b>										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Distribution: Other Capital Projects</b>										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Supply &amp; Treatment: Other Capital Projects</b>										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Future Capital Expenditures</b>										
Pipes	\$ -	\$ -	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448	\$ 1,064,448
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400	\$ 554,400
Pump Stations	\$ -	\$ -	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000	\$ 620,000
Wells	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diversions	\$ -	\$ -	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Admin/Operations Building	\$ -	\$ -	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476	\$ 81,476
Other	\$ -	\$ 3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: CIP Program Costs (Future-Year Dollars)</b>	<b>\$ 3,668,000</b>	<b>\$ 3,100,000</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>	<b>\$ 2,507,824</b>

Water Capital Improvement Program Costs (in Future-Year Dollars) (2):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Engineering: Other Capital Projects</b>										
-- Interties 2, 3 & 4	\$ 2,855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Fall Creek Fish Ladder Design	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Probation Tank Site Design	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Design	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Swim Tank Site Construction	\$ 324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Distribution: Water Meters &amp; Registers</b>										
5888-1736 Replacement Meters	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Distribution: Other Capital Projects</b>										
5890-9901 Replacement Pumps & Motors	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5890-1202 Felton Heights Mutual Consolidation Project	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operations/Supply &amp; Treatment: Other Capital Projects</b>										
5890-9906 Replacement Pumps & Motors	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- SCADA Upgrade/Replacement Lyon	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Lyon WTP Control Upgrade	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Pasatiempo Well 6 Elect Upgrade	\$ 42,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
--	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
--	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Future Capital Expenditures</b>										
-- Pipes	\$ -	\$ -	\$ 1,096,381	\$ 1,129,273	\$ 1,163,151	\$ 1,198,046	\$ 1,233,987	\$ 1,271,007	\$ 1,309,137	\$ 1,348,411
-- Tanks (including 10% volume contingency)	\$ -	\$ -	\$ 571,032	\$ 588,163	\$ 605,808	\$ 623,982	\$ 642,702	\$ 661,983	\$ 681,842	\$ 702,297
-- Pump Stations	\$ -	\$ -	\$ 638,600	\$ 657,758	\$ 677,491	\$ 697,815	\$ 718,750	\$ 740,312	\$ 762,522	\$ 785,397
-- Wells	\$ -	\$ -	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016
-- Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-- Diversions	\$ -	\$ -	\$ 38,625	\$ 39,784	\$ 40,977	\$ 42,207	\$ 43,473	\$ 44,777	\$ 46,120	\$ 47,504
-- Admin/Operations Building	\$ -	\$ -	\$ 83,920	\$ 86,438	\$ 89,031	\$ 91,702	\$ 94,453	\$ 97,287	\$ 100,205	\$ 103,211
-- Other	\$ -	\$ 3,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: CIP Program Costs (Future-Year Dollars)</b>	<b>\$ 3,668,000</b>	<b>\$ 3,100,000</b>	<b>\$ 2,583,059</b>	<b>\$ 2,660,550</b>	<b>\$ 2,740,367</b>	<b>\$ 2,822,578</b>	<b>\$ 2,907,255</b>	<b>\$ 2,994,473</b>	<b>\$ 3,084,307</b>	<b>\$ 3,176,836</b>

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record (2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: *VWHA\_Capital\_Asset\_Cost\_of\_Service\_9\_02\_16.pdf*.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: *Engineering News Record website (http://enr.construction.com)*.

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Debt Service

EXHIBIT 3

EXISTING DEBT OBLIGATIONS - WATER	Budget		Projected							
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Annual Repayment Schedules:</b>										
<u>2004 Refunding Water Revenue Bond, 2012 (1)</u>										
Principal Payment	\$ 616,350	\$ 632,479	\$ 649,030	\$ 666,015	\$ 582,031	\$ 494,531	\$ 103,454	\$ -	\$ -	\$ -
Interest Payment	93,361	77,231	60,680	43,696	26,267	12,354	1,345	-	-	-
<b>Subtotal: Annual Debt Service</b>	<b>\$ 709,710</b>	<b>\$ 709,710</b>	<b>\$ 709,710</b>	<b>\$ 709,710</b>	<b>\$ 608,298</b>	<b>\$ 506,885</b>	<b>\$ 104,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Coverage Requirement (\$-Amnt above annual payment) (2)	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ 816,167	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance) (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>2008 Safe Drinking Water Loan (3)</u>										
Principal Payment	\$ 139,174	\$ 142,556	\$ 146,026	\$ 149,577	\$ 153,215	\$ 156,938	\$ 160,758	\$ 164,668	\$ 168,673	\$ 172,772
Interest Payment	47,623	44,242	40,771	37,220	33,582	29,859	26,039	22,129	18,124	14,025
<b>Subtotal: Annual Debt Service</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>	<b>\$ 186,797</b>
Coverage Requirement (\$-Amnt above annual payment) (4)	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477	\$ 205,477
Reserve Requirement (total fund balance) (4)	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594
<u>SVWD-SLVWD Short Term Loan, 2015 (5)</u>										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

1. Source file: *2012 Water Revenue Refunding Bond Payment Schedule.pdf* was provided by staff.
2. Coverage requirement is set to 115% of the maximum annual debt service; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(2).  
No reserve fund requirement for refunding bond; Source file: *Revenue Refunding Bond Bank of Nevada.pdf*, page 19, Section 5.13(a)(3).
3. Source file: *Felton WTP SDWBL Loan.pdf* was provided by staff.
4. Coverage requirement is set to 115% of the maximum annual debt service. Reserve requirement equal to two years of annual payments. Source file: *Felton WTP SDWBL Loan.pdf*; Article B-6.
5. Source file: *SVWD-SLVWD Loan Agreement.pdf* was provided by staff.

**Existing Annual Debt Obligations to be Satisfied by Water Rates:**

Existing Annual Debt Service	\$ 896,508	\$ 896,508	\$ 896,508	\$ 896,508	\$ 795,095	\$ 693,682	\$ 291,596	\$ 186,797	\$ 186,797	\$ 186,797
Existing Annual Coverage Requirement	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 205,477	\$ 205,477	\$ 205,477
Existing Debt Reserve Target	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594

FUTURE DEBT FINANCING ASSUMPTIONS:

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	0.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	30
Debt Reserve Funded?	Yes	Yes
Coverage Requirement (% above annual pmt)	20%	25%

FUTURE DEBT OBLIGATIONS:

Annual Repayment Schedules	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>SRF Loan Funding</b>										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue Bonds</b>										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total: Future Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total: Future Annual Coverage Requirement</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total: Future Debt Reserve Target</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TOTAL DEBT SERVICE:

Annual Obligations	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Debt Service	\$ 896,508	\$ 896,508	\$ 896,508	\$ 896,508	\$ 795,095	\$ 693,682	\$ 291,596	\$ 186,797	\$ 186,797	\$ 186,797
Annual Coverage Requirement	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 1,021,644	\$ 205,477	\$ 205,477	\$ 205,477
Total Debt Reserve Target	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594	\$ 373,594

**SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Projected Water Rates Under Existing Rate Schedule**

**EXHIBIT 4**

**Current Water Rate Schedule:**

<b>Fixed Charges</b>	<b>Current Monthly</b>
<i>Standard Meters:</i>	
5/8 inch	\$34.00
3/4 inch	\$34.00
1 inch	\$56.50
1 1/2 inch	\$114.00
2 inch	\$181.50
3 inch	\$341.00
4 inch	\$567.00
Surplus Water	\$114.00

<b>Volumetric Charges (1)</b>	<b>Tier Thresholds</b>	<b>Current Rates</b>
		<b>Volumetric Charge</b>
Tier 1	0 - 4 ccf	\$3.81
Tier 2	5 - 15 ccf	\$4.97
Tier 3	16 - 50 ccf	\$5.96
Tier 4	51+ ccf	\$6.61
Drought Surcharge	per CCF	\$1.00
Flat Rate	per CCF	\$4.64
Surplus Water	per CCF	\$10.00

1. CCF = Hundred Cubic Feet or 748 gallons.

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: ADMINISTRATION - 01</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 235,100	\$ 94,040	\$ 117,550	\$ 23,510	40.0%	50.0%	10.0%
DIRECTORS FEES	\$ 24,200	\$ 9,680	\$ 12,100	\$ 2,420	40.0%	50.0%	10.0%
<i>Subtotal</i>	\$ 259,300	\$ 103,720	\$ 129,650	\$ 25,930	40.0%	50.0%	10.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 42,700	\$ 17,080	\$ 21,350	\$ 4,270	40.0%	50.0%	10.0%
DENTAL INSURANCE	\$ 3,100	\$ 1,240	\$ 1,550	\$ 310	40.0%	50.0%	10.0%
VISION INSURANCE	\$ 500	\$ 200	\$ 250	\$ 50	40.0%	50.0%	10.0%
LIFE INSURANCE	\$ 400	\$ 160	\$ 200	\$ 40	40.0%	50.0%	10.0%
LONG TERM DISABILITY	\$ 1,200	\$ 480	\$ 600	\$ 120	40.0%	50.0%	10.0%
PERS - RETIREMENT	\$ 26,100	\$ 10,440	\$ 13,050	\$ 2,610	40.0%	50.0%	10.0%
FICA - SOCIAL SECURITY	\$ 11,600	\$ 4,640	\$ 5,800	\$ 1,160	40.0%	50.0%	10.0%
WORKERS COMPENSATION	\$ 1,100	\$ 440	\$ 550	\$ 110	40.0%	50.0%	10.0%
ASSISTANCE PROGRAM	\$ 100	\$ 40	\$ 50	\$ 10	40.0%	50.0%	10.0%
OTHER PAYROLL CHARGES	\$ 2,200	\$ 880	\$ 1,100	\$ 220	40.0%	50.0%	10.0%
MEDICARE RETIRED MEDICAL	\$ 3,400	\$ 1,360	\$ 1,700	\$ 340	40.0%	50.0%	10.0%
RETIRED MEDICAL	\$ 13,700	\$ 5,480	\$ 6,850	\$ 1,370	40.0%	50.0%	10.0%
ANNUAL OPEB	\$ 36,900	\$ 14,760	\$ 18,450	\$ 3,690	40.0%	50.0%	10.0%
<i>Subtotal</i>	\$ 143,000	\$ 57,200	\$ 71,500	\$ 14,300	40.0%	50.0%	10.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 402,300</b>	<b>\$ 160,920</b>	<b>\$ 201,150</b>	<b>\$ 40,230</b>	<b>40.0%</b>	<b>50.0%</b>	<b>10.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 118,600	\$ 59,300	\$ 59,300	\$ -	50.0%	50.0%	0.0%
LEGAL SERVICES	\$ 63,200	\$ 31,600	\$ 31,600	\$ -	50.0%	50.0%	0.0%
UTILITIES DISTRICT OFFICE	\$ 12,600	\$ 6,300	\$ 6,300	\$ -	50.0%	50.0%	0.0%
AUTO ALLOWANCE	\$ 4,400	\$ 2,200	\$ 2,200	\$ -	50.0%	50.0%	0.0%
RENTALS/LEASES/PERMITS	\$ 1,000	\$ 500	\$ 500	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 12,600	\$ 6,300	\$ 6,300	\$ -	50.0%	50.0%	0.0%
TELEPHONE/COMMUNICATIONS	\$ 19,000	\$ 9,500	\$ 9,500	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (includes 5078)	\$ 10,600	\$ 5,300	\$ 5,300	\$ -	50.0%	50.0%	0.0%
POSTAGE	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
ADVERTISING	\$ 4,200	\$ 2,100	\$ 2,100	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 5,200	\$ 2,600	\$ 2,600	\$ -	50.0%	50.0%	0.0%
MEMBERSHIPS & DUES (includes 5085)	\$ 34,800	\$ 17,400	\$ 17,400	\$ -	50.0%	50.0%	0.0%
INSURANCE - PROPERTY (SDRMA)	\$ 81,100	\$ 40,550	\$ 40,550	\$ -	50.0%	50.0%	0.0%
LEGAL SETTLEMENTS	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
ELECTION FEES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 368,300	\$ 184,150	\$ 184,150	\$ -	50.0%	50.0%	0.0%
ADMINISTRATION OVERHEAD ALLOCATION TO SEWER (1.5%)	\$ (11,559)	\$ (5,780)	\$ (5,780)	\$ -	50.0%	50.0%	0.0%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 356,741</b>	<b>\$ 178,371</b>	<b>\$ 178,371</b>	<b>\$ -</b>	<b>50.0%</b>	<b>50.0%</b>	<b>0.0%</b>
<b>TOTAL: ADMINISTRATION</b>	<b>\$ 759,041</b>	<b>\$ 339,291</b>	<b>\$ 379,521</b>	<b>\$ 40,230</b>	<b>44.7%</b>	<b>50.0%</b>	<b>5.3%</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: FINANCE - 02</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 384,900	\$ -	\$ 192,450	\$ 192,450	0.0%	50.0%	50.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
OVERTIME WAGES	\$ 500	\$ -	\$ 250	\$ 250	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 385,400	\$ -	\$ 192,700	\$ 192,700	0.0%	50.0%	50.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 58,700	\$ -	\$ 29,350	\$ 29,350	0.0%	50.0%	50.0%
DENTAL INSURANCE	\$ 6,800	\$ -	\$ 3,400	\$ 3,400	0.0%	50.0%	50.0%
VISION INSURANCE	\$ 1,000	\$ -	\$ 500	\$ 500	0.0%	50.0%	50.0%
LIFE INSURANCE	\$ 1,000	\$ -	\$ 500	\$ 500	0.0%	50.0%	50.0%
LONG TERM DISABILITY	\$ 2,000	\$ -	\$ 1,000	\$ 1,000	0.0%	50.0%	50.0%
PERS - RETIREMENT	\$ 38,500	\$ -	\$ 19,250	\$ 19,250	0.0%	50.0%	50.0%
FICA - SOCIAL SECURITY	\$ 23,900	\$ -	\$ 11,950	\$ 11,950	0.0%	50.0%	50.0%
WORKERS COMPENSATION	\$ 1,700	\$ -	\$ 850	\$ 850	0.0%	50.0%	50.0%
ASSISTANCE PROGRAM	\$ 200	\$ -	\$ 100	\$ 100	0.0%	50.0%	50.0%
MEDICARE RETIRED MEDICAL	\$ 5,500	\$ -	\$ 2,750	\$ 2,750	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 139,300	\$ -	\$ 69,650	\$ 69,650	0.0%	50.0%	50.0%
<b>Additional Positions (4)</b>							
Fully Loaded Cost of New Position #1	\$ 102,700	\$ -	\$ 51,350	\$ 51,350	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #2	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #3	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #4	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
Fully Loaded Cost of New Position #5	\$ -	\$ -	\$ -	\$ -	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 202,700	\$ -	\$ 101,350	\$ 101,350	0.0%	50.0%	50.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 727,400</b>	<b>\$ -</b>	<b>\$ 363,700</b>	<b>\$ 363,700</b>	<b>0.0%</b>	<b>50.0%</b>	<b>50.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 63,400	\$ -	\$ 31,700	\$ 31,700	0.0%	50.0%	50.0%
AUDIT SERVICES	\$ 26,400	\$ -	\$ 13,200	\$ 13,200	0.0%	50.0%	50.0%
OFFICE SUPPLIES (includes 5078)	\$ 12,600	\$ -	\$ 6,300	\$ 6,300	0.0%	50.0%	50.0%
POSTAGE	\$ 42,200	\$ -	\$ 21,100	\$ 21,100	0.0%	50.0%	50.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,200	\$ -	\$ 1,600	\$ 1,600	0.0%	50.0%	50.0%
COLLECTION COSTS/BANK FEES	\$ 31,600	\$ -	\$ 15,800	\$ 15,800	0.0%	50.0%	50.0%
BAD DEBTS	\$ 6,400	\$ -	\$ 3,200	\$ 3,200	0.0%	50.0%	50.0%
<i>Subtotal</i>	\$ 185,800	\$ -	\$ 92,900	\$ 92,900	0.0%	50.0%	50.0%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 185,800</b>	<b>\$ -</b>	<b>\$ 92,900</b>	<b>\$ 92,900</b>	<b>0.0%</b>	<b>50.0%</b>	<b>50.0%</b>
<b>TOTAL: FINANCE</b>	<b>\$ 913,200</b>	<b>\$ -</b>	<b>\$ 456,600</b>	<b>\$ 456,600</b>	<b>0.0%</b>	<b>50.0%</b>	<b>50.0%</b>



SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: ENGINEERING - 03</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 109,100	\$ 49,095	\$ 54,550	\$ 5,455	45.0%	50.0%	5.0%
OVERTIME WAGES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 109,100	\$ 49,095	\$ 54,550	\$ 5,455	45.0%	50.0%	5.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 16,800	\$ 7,560	\$ 8,400	\$ 840	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 1,300	\$ 585	\$ 650	\$ 65	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 200	\$ 90	\$ 100	\$ 10	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 13,900	\$ 6,255	\$ 6,950	\$ 695	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 6,800	\$ 3,060	\$ 3,400	\$ 340	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ 100	\$ 45	\$ 50	\$ 5	45.0%	50.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 1,600	\$ 720	\$ 800	\$ 80	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ 700	\$ 315	\$ 350	\$ 35	45.0%	50.0%	5.0%
ANNUAL OPEB	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 42,600	\$ 19,170	\$ 21,300	\$ 2,130	45.0%	50.0%	5.0%
<b>Additional Positions (4)</b>							
Fully Loaded Cost of New Position #6	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 102,700	\$ 46,215	\$ 51,350	\$ 5,135	45.0%	50.0%	5.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 254,400</b>	<b>\$ 114,480</b>	<b>\$ 127,200</b>	<b>\$ 12,720</b>	<b>45.0%</b>	<b>50.0%</b>	<b>5.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 21,000	\$ 9,450	\$ 10,500	\$ 1,050	45.0%	50.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MAINT/OPERATIONS OF VEHICLES	\$ 1,000	\$ 450	\$ 500	\$ 50	45.0%	50.0%	5.0%
SMALL TOOLS/MAINT & REPAIRS	\$ 100	\$ 45	\$ 50	\$ 5	45.0%	50.0%	5.0%
EQUIP. NON-CAP	\$ 1,200	\$ 540	\$ 600	\$ 60	45.0%	50.0%	5.0%
COMMUNICATIONS	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
OFFICE SUPPLIES	\$ 800	\$ 360	\$ 400	\$ 40	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 1,200	\$ 540	\$ 600	\$ 60	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 1,000	\$ 450	\$ 500	\$ 50	45.0%	50.0%	5.0%
MEMBERSHIPS & DUES	\$ 6,400	\$ 2,880	\$ 3,200	\$ 320	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 33,500	\$ 15,075	\$ 16,750	\$ 1,675	45.0%	50.0%	5.0%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 33,500</b>	<b>\$ 15,075</b>	<b>\$ 16,750</b>	<b>\$ 1,675</b>	<b>45.0%</b>	<b>50.0%</b>	<b>5.0%</b>
<b>TOTAL: ENGINEERING</b>	<b>\$ 287,900</b>	<b>\$ 129,555</b>	<b>\$ 143,950</b>	<b>\$ 14,395</b>	<b>45.0%</b>	<b>50.0%</b>	<b>5.0%</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: OPERATIONS/DISTRIBUTION - 04</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 918,500	\$ 597,025	\$ 275,550	\$ 45,925	65.0%	30.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
OVERTIME WAGES	\$ 42,200	\$ 27,430	\$ 12,660	\$ 2,110	65.0%	30.0%	5.0%
STANDBY WAGES	\$ 28,400	\$ 18,460	\$ 8,520	\$ 1,420	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 989,100	\$ 642,915	\$ 296,730	\$ 49,455	65.0%	30.0%	5.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 192,900	\$ 125,385	\$ 57,870	\$ 9,645	65.0%	30.0%	5.0%
DENTAL INSURANCE	\$ 20,200	\$ 13,130	\$ 6,060	\$ 1,010	65.0%	30.0%	5.0%
VISION INSURANCE	\$ 3,000	\$ 1,950	\$ 900	\$ 150	65.0%	30.0%	5.0%
LIFE INSURANCE	\$ 2,400	\$ 1,560	\$ 720	\$ 120	65.0%	30.0%	5.0%
LONG TERM DISABILITY	\$ 4,700	\$ 3,055	\$ 1,410	\$ 235	65.0%	30.0%	5.0%
PERS - RETIREMENT	\$ 109,200	\$ 70,980	\$ 32,760	\$ 5,460	65.0%	30.0%	5.0%
FICA - SOCIAL SECURITY	\$ 60,600	\$ 39,390	\$ 18,180	\$ 3,030	65.0%	30.0%	5.0%
WORKERS COMPENSATION	\$ 42,200	\$ 27,430	\$ 12,660	\$ 2,110	65.0%	30.0%	5.0%
ASSISTANCE PROGRAM	\$ 500	\$ 325	\$ 150	\$ 25	65.0%	30.0%	5.0%
MEDICARE RETIRED MEDICAL	\$ 14,400	\$ 9,360	\$ 4,320	\$ 720	65.0%	30.0%	5.0%
SPECIAL CLOTHING	\$ 7,600	\$ 4,940	\$ 2,280	\$ 380	65.0%	30.0%	5.0%
CERTIFICATIONS	\$ 800	\$ 520	\$ 240	\$ 40	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 458,500	\$ 298,025	\$ 137,550	\$ 22,925	65.0%	30.0%	5.0%
<b>Additional Positions (4)</b>							
Fully Loaded Cost of New Position #7	\$ 102,700	\$ 66,755	\$ 30,810	\$ 5,135	65.0%	30.0%	5.0%
Fully Loaded Cost of New Position #8	\$ 100,000	\$ 65,000	\$ 30,000	\$ 5,000	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 202,700	\$ 131,755	\$ 60,810	\$ 10,135	65.0%	30.0%	5.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 1,650,300</b>	<b>\$ 1,072,695</b>	<b>\$ 495,090</b>	<b>\$ 82,515</b>	<b>65.0%</b>	<b>30.0%</b>	<b>5.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 73,800	\$ 47,970	\$ 22,140	\$ 3,690	65.0%	30.0%	5.0%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
UTILITIES	\$ 115,900	\$ 75,335	\$ 34,770	\$ 5,795	65.0%	30.0%	5.0%
OPERATING SUPPLIES	\$ 94,800	\$ 61,620	\$ 28,440	\$ 4,740	65.0%	30.0%	5.0%
MAINT & OPERATIONS OF VEHICLES	\$ 79,000	\$ 51,350	\$ 23,700	\$ 3,950	65.0%	30.0%	5.0%
RENTAL/LEASES/PERMITS	\$ 10,600	\$ 6,890	\$ 3,180	\$ 530	65.0%	30.0%	5.0%
SMALL TOOLS-MAINT & REPAIRS	\$ 10,600	\$ 6,890	\$ 3,180	\$ 530	65.0%	30.0%	5.0%
EQUIPMENT NON-CAP	\$ 7,900	\$ 5,135	\$ 2,370	\$ 395	65.0%	30.0%	5.0%
FACILITIES MAINTENANCE	\$ 15,800	\$ 10,270	\$ 4,740	\$ 790	65.0%	30.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 59,000	\$ 38,350	\$ 17,700	\$ 2,950	65.0%	30.0%	5.0%
OFFICE SUPPLIES (included 5078)	\$ 6,900	\$ 4,485	\$ 2,070	\$ 345	65.0%	30.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ -	\$ -	\$ -	\$ -	65.0%	30.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 5,200	\$ 3,380	\$ 1,560	\$ 260	65.0%	30.0%	5.0%
SPECIAL PROJECTS	\$ 53,800	\$ 34,970	\$ 16,140	\$ 2,690	65.0%	30.0%	5.0%
<i>Subtotal</i>	\$ 533,300	\$ 346,645	\$ 159,990	\$ 26,665	65.0%	30.0%	5.0%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 533,300</b>	<b>\$ 346,645</b>	<b>\$ 159,990</b>	<b>\$ 26,665</b>	<b>65.0%</b>	<b>30.0%</b>	<b>5.0%</b>
<b>TOTAL: OPERATIONS/DISTRIBUTION</b>	<b>\$ 2,183,600</b>	<b>\$ 1,419,340</b>	<b>\$ 655,080</b>	<b>\$ 109,180</b>	<b>65.0%</b>	<b>30.0%</b>	<b>5.0%</b>

SAN LORENZO VALLEY WATER DISTRICT  
ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: WATERSHED - 05</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 94,400	\$ 42,480	\$ 47,200	\$ 4,720	45.0%	50.0%	5.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 94,400	\$ 42,480	\$ 47,200	\$ 4,720	45.0%	50.0%	5.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 21,200	\$ 9,540	\$ 10,600	\$ 1,060	45.0%	50.0%	5.0%
DENTAL INSURANCE	\$ 2,300	\$ 1,035	\$ 1,150	\$ 115	45.0%	50.0%	5.0%
VISION INSURANCE	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
LIFE INSURANCE	\$ 100	\$ 45	\$ 50	\$ 5	45.0%	50.0%	5.0%
LONG TERM DISABILITY	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
PERS - RETIREMENT	\$ 12,000	\$ 5,400	\$ 6,000	\$ 600	45.0%	50.0%	5.0%
FICA - SOCIAL SECURITY	\$ 6,000	\$ 2,700	\$ 3,000	\$ 300	45.0%	50.0%	5.0%
WORKERS COMPENSATION	\$ 400	\$ 180	\$ 200	\$ 20	45.0%	50.0%	5.0%
ASSISTANCE PROGRAM	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
MEDICARE	\$ 1,300	\$ 585	\$ 650	\$ 65	45.0%	50.0%	5.0%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 44,100	\$ 19,845	\$ 22,050	\$ 2,205	45.0%	50.0%	5.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 138,500</b>	<b>\$ 62,325</b>	<b>\$ 69,250</b>	<b>\$ 6,925</b>	<b>45.0%</b>	<b>50.0%</b>	<b>5.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 84,300	\$ 37,935	\$ 42,150	\$ 4,215	45.0%	50.0%	5.0%
ROAD MAINTENANCE	\$ 15,800	\$ 7,110	\$ 7,900	\$ 790	45.0%	50.0%	5.0%
OPERATING SUPPLIES	\$ 500	\$ 225	\$ 250	\$ 25	45.0%	50.0%	5.0%
COMMUNICATIONS & TELEMETERING	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
SUBSCRIPTIONS/BOOKS	\$ 300	\$ 135	\$ 150	\$ 15	45.0%	50.0%	5.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,200	\$ 1,440	\$ 1,600	\$ 160	45.0%	50.0%	5.0%
MEMBERSHIP & DUES	\$ 1,300	\$ 585	\$ 650	\$ 65	45.0%	50.0%	5.0%
WATERSHED & DATA COLLECTION GRNTS	\$ 15,800	\$ 7,110	\$ 7,900	\$ 790	45.0%	50.0%	5.0%
WATER CONSERVATION PROGRAM	\$ 68,500	\$ 68,500	\$ -	\$ -	100.0%	0.0%	0.0%
EDUCATION GRANT PROGRAM	\$ 18,500	\$ 8,325	\$ 9,250	\$ 925	45.0%	50.0%	5.0%
SPECIAL PROJECTS	\$ 179,100	\$ 80,595	\$ 89,550	\$ 8,955	45.0%	50.0%	5.0%
<i>Subtotal</i>	\$ 387,600	\$ 212,095	\$ 159,550	\$ 15,955	54.7%	41.2%	4.1%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 387,600</b>	<b>\$ 212,095</b>	<b>\$ 159,550</b>	<b>\$ 15,955</b>	<b>54.7%</b>	<b>41.2%</b>	<b>4.1%</b>
<b>TOTAL: WATERSHED</b>	<b>\$ 526,100</b>	<b>\$ 274,420</b>	<b>\$ 228,800</b>	<b>\$ 22,880</b>	<b>52.2%</b>	<b>43.5%</b>	<b>4.3%</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>DEPARTMENT: OPERATIONS/SUPPLY &amp; TREATMENT -08</b>							
<b>PERSONNEL</b>							
<b>Salaries</b>							
REGULAR SALARIES	\$ 718,100	\$ 359,050	\$ 359,050	\$ -	50.0%	50.0%	0.0%
TEMPORARY SALARIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
OVERTIME WAGES	\$ 39,000	\$ 19,500	\$ 19,500	\$ -	50.0%	50.0%	0.0%
STANDBY	\$ 4,200	\$ 2,100	\$ 2,100	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 761,300	\$ 380,650	\$ 380,650	\$ -	50.0%	50.0%	0.0%
<b>Benefits</b>							
MEDICAL INSURANCE	\$ 104,400	\$ 52,200	\$ 52,200	\$ -	50.0%	50.0%	0.0%
DENTAL INSURANCE	\$ 10,500	\$ 5,250	\$ 5,250	\$ -	50.0%	50.0%	0.0%
VISION INSURANCE	\$ 1,500	\$ 750	\$ 750	\$ -	50.0%	50.0%	0.0%
LIFE INSURANCE	\$ 1,500	\$ 750	\$ 750	\$ -	50.0%	50.0%	0.0%
LONG TERM DISABILITY	\$ 3,700	\$ 1,850	\$ 1,850	\$ -	50.0%	50.0%	0.0%
PERS - RETIREMENT	\$ 93,600	\$ 46,800	\$ 46,800	\$ -	50.0%	50.0%	0.0%
FICA - SOCIAL SECURITY	\$ 46,700	\$ 23,350	\$ 23,350	\$ -	50.0%	50.0%	0.0%
WORKERS COMPENSATION	\$ 33,200	\$ 16,600	\$ 16,600	\$ -	50.0%	50.0%	0.0%
ASSISTANCE PROGRAM	\$ 400	\$ 200	\$ 200	\$ -	50.0%	50.0%	0.0%
MEDICARE RETIRED MEDICAL	\$ 11,100	\$ 5,550	\$ 5,550	\$ -	50.0%	50.0%	0.0%
SPECIAL CLOTHING	\$ 5,200	\$ 2,600	\$ 2,600	\$ -	50.0%	50.0%	0.0%
CERTIFICATIONS	\$ 1,500	\$ 750	\$ 750	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 313,300	\$ 156,650	\$ 156,650	\$ -	50.0%	50.0%	0.0%
<b>Additional Positions (4)</b>							
Fully Loaded Cost of New Position #9	\$ 102,700	\$ 51,350	\$ 51,350	\$ -	50.0%	50.0%	0.0%
Fully Loaded Cost of New Position #10	\$ 100,000	\$ 50,000	\$ 50,000	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 202,700	\$ 101,350	\$ 101,350	\$ -	50.0%	50.0%	0.0%
<b>TOTAL: PERSONNEL</b>	<b>\$ 1,277,300</b>	<b>\$ 638,650</b>	<b>\$ 638,650</b>	<b>\$ -</b>	<b>50.0%</b>	<b>50.0%</b>	<b>0.0%</b>
<b>MATERIALS &amp; SERVICES</b>							
CONTRACT/PROFESSIONAL SERVICES	\$ 105,400	\$ 52,700	\$ 52,700	\$ -	50.0%	50.0%	0.0%
CONTRACT SERVICES MANANA WOODS	\$ 21,000	\$ 10,500	\$ 10,500	\$ -	50.0%	50.0%	0.0%
OUTSIDE WATER ANALYSIS	\$ 67,400	\$ 33,700	\$ 33,700	\$ -	50.0%	50.0%	0.0%
LAB SUPPLIES	\$ 12,600	\$ 6,300	\$ 6,300	\$ -	50.0%	50.0%	0.0%
EQUIPMENT REPLACEMENT	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
UTILITIES	\$ 300,400	\$ 150,200	\$ 150,200	\$ -	50.0%	50.0%	0.0%
CHEMICALS	\$ 35,800	\$ 17,900	\$ 17,900	\$ -	50.0%	50.0%	0.0%
OPERATING SUPPLIES	\$ 47,400	\$ 23,700	\$ 23,700	\$ -	50.0%	50.0%	0.0%
MAINTENANCE/OPERATIONS OF VEHICLES	\$ 23,200	\$ 11,600	\$ 11,600	\$ -	50.0%	50.0%	0.0%
RENTAL/LEASES/PERMITS	\$ 110,700	\$ 55,350	\$ 55,350	\$ -	50.0%	50.0%	0.0%
SMALL TOOLS-MAINTENANCE & REPAIRS	\$ 3,700	\$ 1,850	\$ 1,850	\$ -	50.0%	50.0%	0.0%
EQUIPMENT NON-CAP	\$ 7,400	\$ 3,700	\$ 3,700	\$ -	50.0%	50.0%	0.0%
FACILITIES MAINTENANCE	\$ 7,900	\$ 3,950	\$ 3,950	\$ -	50.0%	50.0%	0.0%
COMMUNICATIONS & TELEMETERING	\$ 35,800	\$ 17,900	\$ 17,900	\$ -	50.0%	50.0%	0.0%
OFFICE SUPPLIES (included 5078)	\$ 6,200	\$ 3,100	\$ 3,100	\$ -	50.0%	50.0%	0.0%
SUBSCRIPTIONS/BOOKS	\$ 500	\$ 250	\$ 250	\$ -	50.0%	50.0%	0.0%
TRAINING, CONFERENCES & MEETINGS	\$ 3,200	\$ 1,600	\$ 1,600	\$ -	50.0%	50.0%	0.0%
OTHER HOUSEHOLD SUPPLIES	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%
<i>Subtotal</i>	\$ 788,600	\$ 394,300	\$ 394,300	\$ -	50.0%	50.0%	0.0%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 788,600</b>	<b>\$ 394,300</b>	<b>\$ 394,300</b>	<b>\$ -</b>	<b>50.0%</b>	<b>50.0%</b>	<b>0.0%</b>
<b>TOTAL: OPERATIONS/SUPPLY &amp; TREATMENT</b>	<b>\$ 2,065,900</b>	<b>\$ 1,032,950</b>	<b>\$ 1,032,950</b>	<b>\$ -</b>	<b>50.0%</b>	<b>50.0%</b>	<b>0.0%</b>
<b>GRAND TOTAL: WATER FUND OPERATING EXPENSES</b>	<b>\$ 6,735,741</b>	<b>\$ 3,195,556</b>	<b>\$ 2,896,901</b>	<b>\$ 643,285</b>	<b>47.4%</b>	<b>43.0%</b>	<b>9.6%</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Water							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2017/18	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>Debt Service Payments</b>							
2004 Refunding Water Revenue Bond, 2012 (1)	\$ 709,710	\$ -	\$ 709,710	\$ -	0.0%	100.0%	0.0%
2008 Safe Drinking Water Loan (3)	\$ 186,797	\$ -	\$ 186,797	\$ -	0.0%	100.0%	0.0%
Future New Debt	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
<b>Total Debt Service Payments</b>	<b>\$ 896,508</b>	<b>\$ -</b>	<b>\$ 896,508</b>	<b>\$ -</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>
<b>Capital Expenditures</b>							
Rate Funded Capital Expenses	\$ 2,583,059	\$ -	\$ 2,583,059	\$ -	0.0%	100.0%	0.0%
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 10,215,307</b>	<b>\$ 3,195,556</b>	<b>\$ 6,376,467</b>	<b>\$ 643,285</b>	<b>31.3%</b>	<b>62.4%</b>	<b>6.3%</b>
<b>Less: Non-Rate Revenues</b>							
<b>7501 Property Taxes</b>							
PROPERTY TAXES	\$ (527,308)	\$ -	\$ (527,308)	\$ -	0.0%	100.0%	0.0%
PROPERTY ASSESSMENT REVENUE	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
<b>7502 Rental Revenue</b>							
MOBILE SERVICES LEASE FEES	\$ (15,713)	\$ (4,915)	\$ (9,808)	\$ (989)	31.3%	62.4%	6.3%
JOHNSON PROPERTY RENTS	\$ (14,000)	\$ (4,379)	\$ (8,739)	\$ (882)	31.3%	62.4%	6.3%
<b>7503 Investment Earnings</b>							
LOMPICO LOAN - INTEREST	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
INTEREST - WATER	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
INTEREST - FELTON LOAN RESERVE	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
REALIZED G/L - MSDW	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
UNREALIZED GAINS/LOSS - MSDW	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
INTEREST DIVIDEND - MSDW	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
<b>7504 Gain/Loss on Sale of Assets</b>							
SALE OF SURPLUS PROPERTY	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
LOSS ON SALE/ABAND FIXED ASSET	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
<b>7505 Other Income</b>							
ACCT. ESTAB. CHARGES & PENALTY	\$ (50,000)	\$ (15,641)	\$ (31,210)	\$ (3,149)	31.3%	62.4%	6.3%
ASSESSMENT BOND - N.B.C.	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
SALE OF METERS	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
MISCELLANEOUS	\$ (9,803)	\$ (3,067)	\$ (6,119)	\$ (617)	31.3%	62.4%	6.3%
REIMB. FOR MANANA WOODS	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
LOMPICO LOAN - PRINCIPAL	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
CSI - #34053 MANANA WOODS	\$ (237)	\$ (74)	\$ (148)	\$ (15)	31.3%	62.4%	6.3%
CSI - # 34057 LYON WTP	\$ (1,148)	\$ (359)	\$ (717)	\$ (72)	31.3%	62.4%	6.3%
CSI - #34058 KIRBY WTP	\$ (5,184)	\$ (1,622)	\$ (3,236)	\$ (326)	31.3%	62.4%	6.3%
Deduction to Uses of Funds for Revenue to Meet Net Rev. Req't	\$ -	\$ -	\$ -	\$ -	31.3%	62.4%	6.3%
<b>NET REVENUE REQUIREMENTS - WATER</b>	<b>\$ 9,591,915</b>	<b>\$ 3,165,498</b>	<b>\$ 5,789,182</b>	<b>\$ 637,234</b>			
<b>Allocation of Revenue Requirements</b>	<b>100.0%</b>	<b>33.0%</b>	<b>60.4%</b>	<b>6.6%</b>			

Net Revenue Req't. Check from Financial Plan \$ -

Classification of Expenses - Water, continued				
Adjustments to Classification of Expenses				
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)
Test Year (FY 2017/18) Target Rate Revenue	\$ 11,103,572			
Projected Rate Revenue at Current Rates	\$ 5,237,534			
<b>Adjusted Net Revenue Req'ts</b>	<b>\$ 11,103,572</b>	<b>\$ 3,664,371</b>	<b>\$ 6,701,540</b>	<b>\$ 737,660</b>
<b>Percent of Revenue</b>	<b>100.0%</b>	<b>33.0%</b>	<b>60.4%</b>	<b>6.6%</b>

Existing Allocation of Fixed vs. Variable Charges		
Variable Charges	\$ 2,435,625	46%
Fixed Charges	\$ 2,806,166	53%
Drought Surcharges	\$ 80,021	2%
<b>Total</b>	<b>\$ 5,321,811</b>	<b>100%</b>

**SAN LORENZO VALLEY WATER DISTRICT**  
**ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY**  
**Water Cost of Service Analysis**

<b>Development of the COMMODITY (Volumetric) Allocation Factor - Water Utility</b>				
<b>Customer Class</b>	<b>FY 2014/15 Volume (ccf) (1)</b>	<b>% Adjustment for Conservation</b>	<b>Estimated FY 2015/16 Volume Adjusted for Conservation</b>	<b>Percent of Total Volume</b>
Residential	457,003	0%	444,202	70.0%
Multi-Family Residential	107,598	0%	100,184	15.8%
Commercial	8,231	0%	7,261	1.1%
Industrial	31,792	0%	31,389	4.9%
Landscape/Irrigation	35,924	0%	36,761	5.8%
Other systems	5,725	0%	5,779	0.9%
Private Mutual	5,310	0%	6,368	1.0%
Surplus (bulk water sales)	1,330	0%	2,149	0.3%
Vacant	452	0%	370	0.1%
<b>Total</b>	<b>653,365</b>	<b>3%</b>	<b>634,462</b>	<b>100%</b>

1. Consumption data is based on the SLVWD's billing data.

**Commodity Related Costs:** *These costs are associated with the total consumption (flow) of water over a specified period of time (e.g. annual).*

<b>Development of the CAPACITY (MAX MONTH) Allocation Factor - Water Utility</b>				
<b>Customer Class</b>	<b>Average Monthly Use (ccf)</b>	<b>Peak Monthly Use (ccf) (1)</b>	<b>Peak Monthly Factor</b>	<b>Max Month Capacity Factor</b>
Residential	37,017	48,392	1.31	67.6%
Multi-Family Residential	8,349	10,486	1.26	14.6%
Commercial	605	1,163	1.92	1.6%
Industrial	2,616	3,170	1.21	4.4%
Landscape/Irrigation	3,063	4,590	1.50	6.4%
Other systems	482	1,157	2.40	1.6%
Private Mutual	531	1,956	3.69	2.7%
Surplus (bulk water sales)	179	642	3.58	0.9%
Vacant	31	65	2.11	0.1%
<b>Total</b>	<b>52,872</b>	<b>71,622</b>	<b>1.35</b>	<b>100%</b>

1. Based on peak monthly data (peak day data not available).

**Capacity Related Costs:** *Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.*

**SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Water Cost of Service Analysis**

<b>Development of the CUSTOMER Allocation Factor - Water Utility</b>		
<b>Customer Class</b>	<b>Number of Meters (1)</b>	<b>Percent of Total</b>
Residential	6,531	<b>88.6%</b>
Multi-Family Residential	502	<b>6.8%</b>
Commercial	199	<b>2.7%</b>
Industrial	52	<b>0.7%</b>
Landscape/Irrigation	13	<b>0.2%</b>
Other systems	7	<b>0.1%</b>
Private Mutual	6	<b>0.1%</b>
Surplus (bulk water sales)	3	<b>0.0%</b>
Vacant	59	<b>0.8%</b>
<b>Total</b>	<b>7,372</b>	<b>100.0%</b>

1. Meter Count data is based on the SLVWD's billing data for February 2016.

**Customer Related Costs** : *Costs associated with having a customer on the water system. These costs vary with the addition or deletion of customers on the system. Examples: Meter-reading, Postage and billing.*

**SAN LORENZO VALLEY WATER DISTRICT**  
**ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY**  
**Water Cost of Service Analysis**

**ALLOCATION OF WATER COST REQUIREMENTS:**

Classification Components	Net Cost Requirements (2017/18)	
Commodity-Related Costs	\$ 3,664,371	33.0%
Capacity-Related Costs	6,701,540	60.4%
Customer-Related Costs	737,660	6.6%
<b>Net Revenue Requirement</b>	<b>\$ 11,103,572</b>	<b>100%</b>

Unadjusted Net Cost Req'ts.

Total variable: 33%

Total fixed: 67%

Total: 100%

**Allocation of Net Cost Requirements (Water) By Customer Class - FY 2017/18**

Customer Class	Cost Classification Components			Net Cost of Service Requirements	% of Net Cost of Service Requirements
	Commodity (1)	Capacity (2)	Customer (3)		
Residential	\$ 2,565,511	\$ 4,527,989	\$ 653,508	\$ 7,747,008	69.8%
Multi-Family Residential	578,619	981,150	50,231	1,610,000	14.5%
Commercial	41,934	108,848	19,912	170,694	1.5%
Industrial	181,291	296,647	5,203	483,141	4.4%
Landscape/Irrigation	212,316	429,523	1,301	643,140	5.8%
Other systems	33,374	108,258	700	142,333	1.3%
Private Mutual	36,779	183,019	600	220,398	2.0%
Surplus (bulk water sales)	12,412	60,024	300	72,736	0.7%
Vacant	2,136	6,082	5,904	14,122	0.1%
<b>Total</b>	<b>\$ 3,664,371</b>	<b>\$ 6,701,540</b>	<b>\$ 737,660</b>	<b>\$ 11,103,572</b>	<b>100.0%</b>

1. Commodity Costs are allocated based upon percentage of expected consumption.

2. Capacity Costs are allocated based upon Max Month Capacity Factor.

3. Customer Costs are allocated based upon Percentage of Total Accounts.

**Current Water Rate Revenue Comparison**

Customer Class	Rate Revenue (FY 2014/15)			Total	% of Total	% of Net Cost of Service Requirements	Difference
	Fixed	Variable	Drought Surcharges				
					a	b	= b - a
Residential	\$ 2,307,236	\$ 1,694,355	\$ 56,555	\$ 4,058,146	76.3%	69.8%	-6.5%
Multi-Family Residential	310,348	343,692	13,948	667,988	12.6%	14.5%	1.9%
Commercial	95,875	123,522	4,849	224,246	4.2%	1.5%	-2.7%
Industrial	52,597	192,316	3,269	248,181	4.7%	4.4%	-0.3%
Landscape/Irrigation	8,191	21,677	45	29,913	0.6%	5.8%	5.2%
Other systems	3,274	9,018	194	12,487	0.2%	1.3%	1.0%
Private Mutual	8,426	32,276	889	41,591	0.8%	2.0%	1.2%
Surplus (bulk water sales)	-	17,403	249	17,652	0.3%	0.7%	0.3%
Vacant	20,219	1,365	24	21,608	0.4%	0.1%	-0.3%
<b>Total</b>	<b>\$ 2,806,166</b>	<b>\$ 2,435,625</b>	<b>\$ 80,021</b>	<b>\$ 5,321,811</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
	53%	46%	2%	100%			



SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - WATER UTILITY  
 Customer Data

Water Consumption Data used for San Lorenzo Valley Water District Rates:					
Summary of Consumption by Class	Consumption	meters*	Avg. hcf by Month		
			Annual	Summer	Winter
Residential	444,202	6,531	6	7	5
Multi-Family Residential	100,184	502	17	20	15
Commercial	7,261	199	3	5	2
Industrial	31,389	52	50	57	47
Landscape/Irrigation	36,761	13	236	343	153
Other systems	5,779	7	69	137	21
Private Mutual	6,368	6	88	219	29
Surplus (bulk water sales)	2,149	3	60	92	22
Vacant	370	59	1	1	0
<b>Total</b>	<b>634,462</b>	<b>7,372</b>			

\* Number of meters is per SLVWD billing data. Meter count is from February 2016.

FY 2014/15 Approximate Rate Revenue from Water Rates (1)				
Revenue by Customer Class	Fixed Charges	Variable Charges	Drought Surcharges	TOTAL
Residential	\$ 2,307,236	\$ 1,694,355	\$ 56,555	\$ 4,058,146
Multi-Family Residential	\$ 310,348	\$ 343,692	\$ 13,948	\$ 667,988
Commercial	\$ 95,875	\$ 123,522	\$ 4,849	\$ 224,246
Industrial	\$ 52,597	\$ 192,316	\$ 3,269	\$ 248,181
Landscape/Irrigation	\$ 8,191	\$ 21,677	\$ 45	\$ 29,913
Other systems	\$ 3,274	\$ 9,018	\$ 194	\$ 12,487
Private Mutual	\$ 8,426	\$ 32,276	\$ 889	\$ 41,591
Surplus (bulk water sales)	\$ -	\$ 17,403	\$ 249	\$ 17,652
Vacant	\$ 20,219	\$ 1,365	\$ 24	\$ 21,608
<b>Total</b>	<b>\$ 2,806,166</b>	<b>\$ 2,435,625</b>	<b>\$ 80,021</b>	<b>\$ 5,321,811</b>
<b>Fixed vs. Variable %</b>	<b>53%</b>	<b>46%</b>	<b>2%</b>	

1. Rate Revenue For March 2015 - February 2016 from SLVWD billing data.

TABLE 1  
 FINANCIAL PLAN AND SUMMARY OF SEWER COST REQUIREMENTS (1)

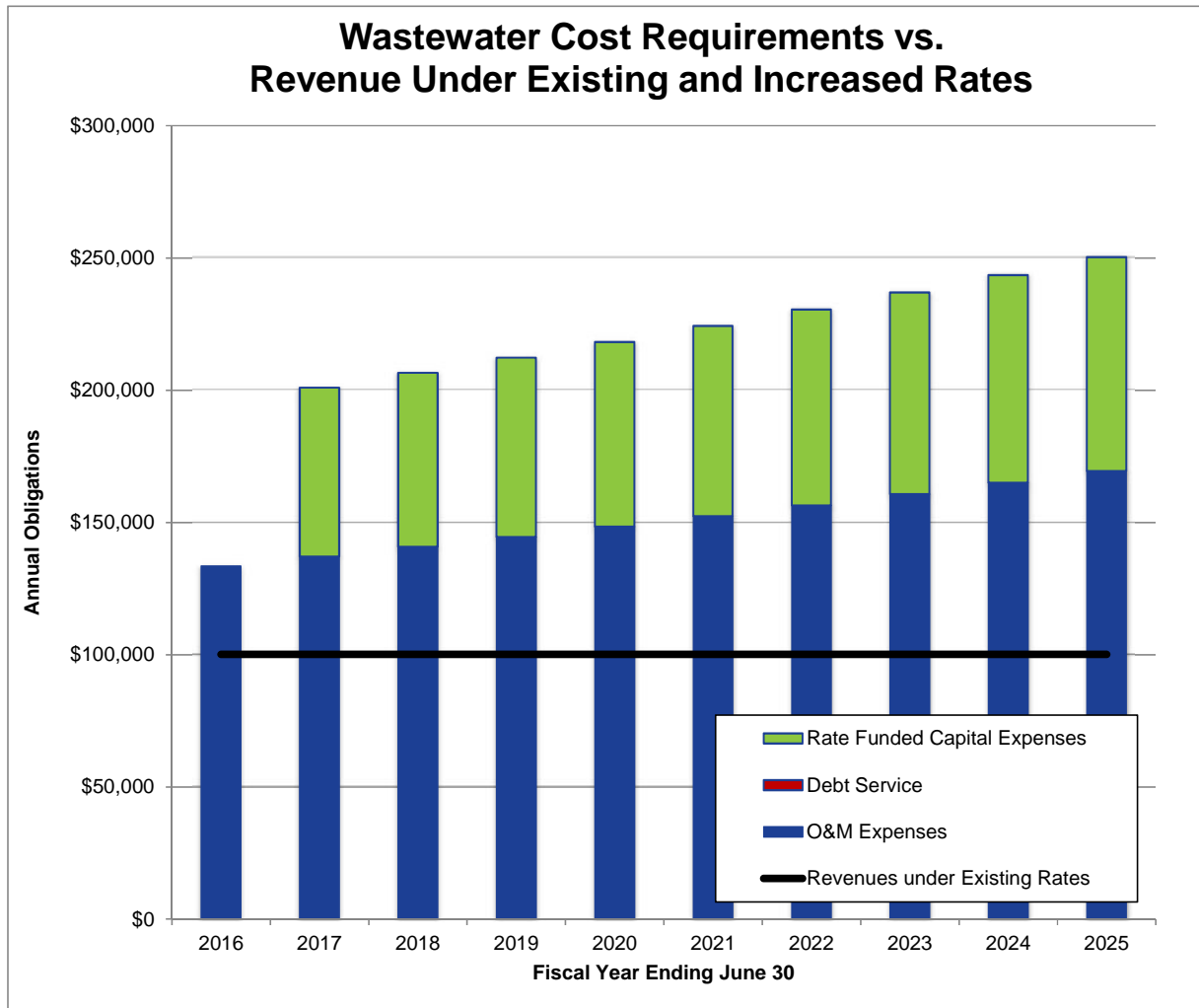
SEWER COST REQUIREMENTS SUMMARY	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Sources of Funds</b>										
<i>SEWER REVENUES:</i>										
Sewer Service Charge	100,088	100,088	100,088	100,088	100,088	100,088	100,088	100,088	100,088	100,088
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Sources of Funds</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>
<b>Uses of Funds</b>										
<i>OPERATING EXPENSES (2):</i>										
PERSONNEL	\$ 20,700	\$ 21,256	\$ 21,827	\$ 22,413	\$ 23,014	\$ 23,632	\$ 24,267	\$ 24,918	\$ 25,587	\$ 26,274
MATERIALS & SERVICES	112,770	115,796	118,905	122,096	125,371	128,732	132,185	135,732	139,371	143,112
Subtotal: Operating Expenses	\$ 133,470	\$ 137,051	\$ 140,732	\$ 144,509	\$ 148,385	\$ 152,364	\$ 156,451	\$ 160,651	\$ 164,958	\$ 169,386
<i>OTHER EXPENDITURES:</i>										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses (3)	-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
Subtotal: Other Expenditures	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
<b>Total Uses of Water Funds</b>	<b>\$ 133,470</b>	<b>\$ 200,931</b>	<b>\$ 206,528</b>	<b>\$ 212,279</b>	<b>\$ 218,189</b>	<b>\$ 224,262</b>	<b>\$ 230,506</b>	<b>\$ 236,927</b>	<b>\$ 243,523</b>	<b>\$ 250,308</b>
<b>Annual Surplus/(Deficit)</b>	<b>\$ (33,381)</b>	<b>\$ (100,843)</b>	<b>\$ (106,440)</b>	<b>\$ (112,191)</b>	<b>\$ (118,100)</b>	<b>\$ (124,174)</b>	<b>\$ (130,418)</b>	<b>\$ (136,838)</b>	<b>\$ (143,434)</b>	<b>\$ (150,219)</b>
<b>Net Cost Requirement (Total Uses less Non-Rate Revenue)</b>	<b>\$ 133,470</b>	<b>\$ 200,931</b>	<b>\$ 206,528</b>	<b>\$ 212,279</b>	<b>\$ 218,189</b>	<b>\$ 224,262</b>	<b>\$ 230,506</b>	<b>\$ 236,927</b>	<b>\$ 243,523</b>	<b>\$ 250,308</b>

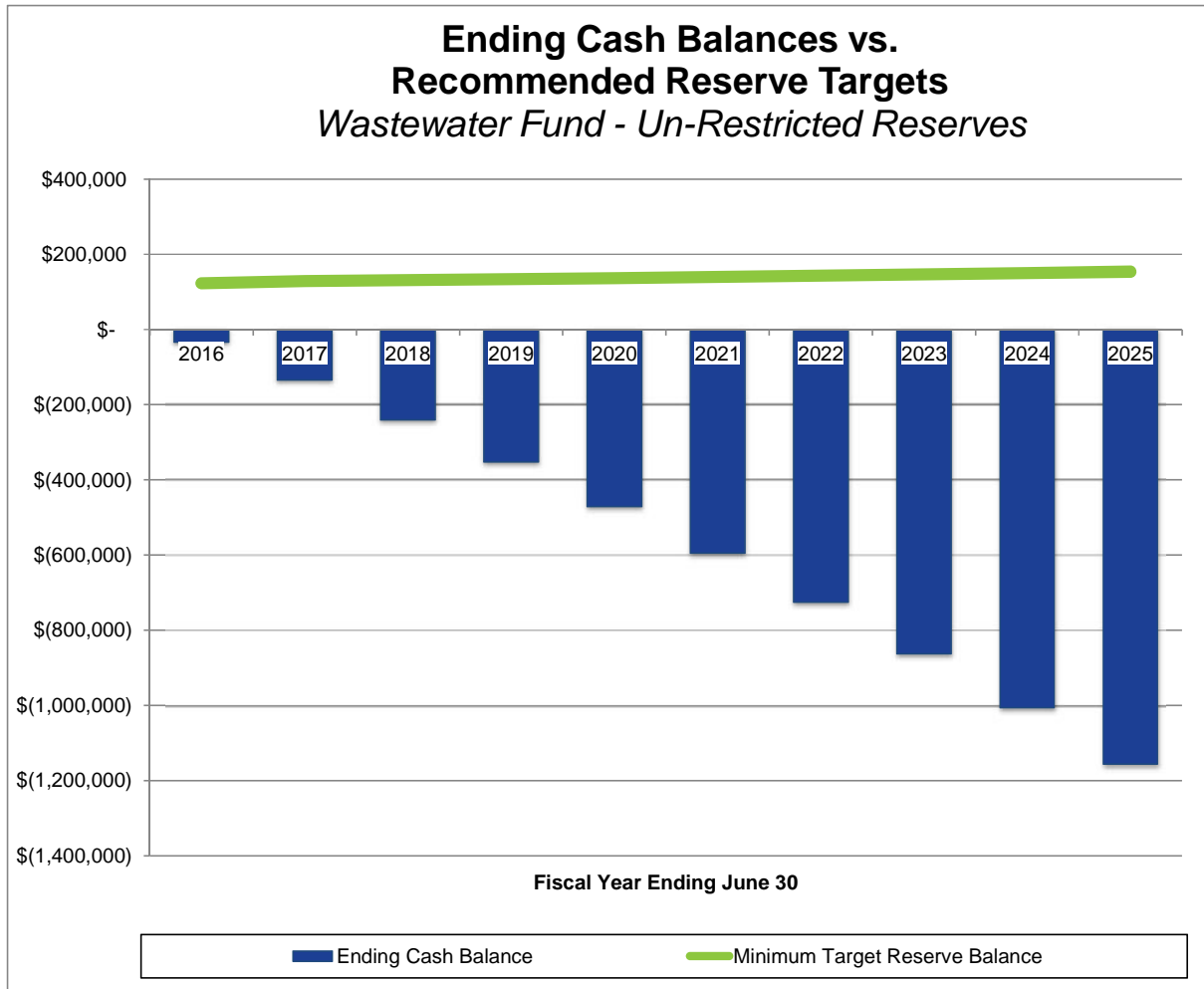
- Revenue and expenses for FY 2015/16 through FY 2020/21 were provided by City Staff. Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.
- Assumes annual inflation of 4%, beyond FY 2020/21 (file: 2016 Sanitation Fund Rate Analysis.xls).
- Assumes annual inflation of the 10 year average change in the Construction Cost Index for 2006-2015; applied to estimated future expenditures beyond FY 2020/21. Source: Engineering News Record website (<http://enr.construction.com>).
- Assumes new rates are implemented July 1, 2017.

TABLE 2  
 SEWER RESERVE FUND SUMMARY, UN-RESTRICTED RESERVES

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES - SEWER	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Total Beginning Cash (1)</b>	\$ -	\$ -								
<b>Un-Restricted Reserves:</b>										
<b>Operating Reserve</b>										
Beginning Reserve Balance	\$ -	\$ (33,381)	\$ (134,224)	\$ (240,664)	\$ (352,855)	\$ (470,955)	\$ (595,129)	\$ (725,547)	\$ (862,385)	\$ (1,005,819)
Plus: Net Cash Flow (After Rate Increases)	(33,381)	(100,843)	(106,440)	(112,191)	(118,100)	(124,174)	(130,418)	(136,838)	(143,434)	(150,219)
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-
<b>Ending Operating Reserve Balance</b>	<b>\$ (33,381)</b>	<b>\$ (134,224)</b>	<b>\$ (240,664)</b>	<b>\$ (352,855)</b>	<b>\$ (470,955)</b>	<b>\$ (595,129)</b>	<b>\$ (725,547)</b>	<b>\$ (862,385)</b>	<b>\$ (1,005,819)</b>	<b>\$ (1,156,039)</b>
<b>Target Ending Balance (90 days of O&amp;M)</b>	<b>\$ 33,400</b>	<b>\$ 34,300</b>	<b>\$ 35,200</b>	<b>\$ 36,100</b>	<b>\$ 37,100</b>	<b>\$ 38,100</b>	<b>\$ 39,100</b>	<b>\$ 40,200</b>	<b>\$ 41,200</b>	<b>\$ 42,300</b>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>										
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-
<b>Ending Capital Rehab &amp; Replacement Reserve Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Target Ending Balance (2)</b>	<b>\$ 89,778</b>	<b>\$ 94,503</b>	<b>\$ 96,205</b>	<b>\$ 97,994</b>	<b>\$ 99,882</b>	<b>\$ 101,888</b>	<b>\$ 104,030</b>	<b>\$ 106,336</b>	<b>\$ 108,841</b>	<b>\$ 111,593</b>
<b>Ending Balance - Excl. Restricted Reserves</b>	<b>\$ (33,381)</b>	<b>\$ (134,224)</b>	<b>\$ (240,664)</b>	<b>\$ (352,855)</b>	<b>\$ (470,955)</b>	<b>\$ (595,129)</b>	<b>\$ (725,547)</b>	<b>\$ (862,385)</b>	<b>\$ (1,005,819)</b>	<b>\$ (1,156,039)</b>
<b>Min. Target Ending Balance - Excl. Restricted Reserves</b>	<b>\$ 123,178</b>	<b>\$ 128,803</b>	<b>\$ 131,405</b>	<b>\$ 134,094</b>	<b>\$ 136,982</b>	<b>\$ 139,988</b>	<b>\$ 143,130</b>	<b>\$ 146,536</b>	<b>\$ 150,041</b>	<b>\$ 153,893</b>
<b>Ending Surplus/(Deficit) Compared to Reserve Targets</b>	<b>\$ (156,560)</b>	<b>\$ (263,028)</b>	<b>\$ (372,069)</b>	<b>\$ (486,948)</b>	<b>\$ (607,938)</b>	<b>\$ (735,117)</b>	<b>\$ (868,676)</b>	<b>\$ (1,008,921)</b>	<b>\$ (1,155,860)</b>	<b>\$ (1,309,932)</b>
<b>Annual Interest Earnings Rate (3)</b>	<b>0.35%</b>	<b>0.35%</b>	<b>0.50%</b>	<b>0.75%</b>	<b>1.00%</b>	<b>1.25%</b>	<b>1.50%</b>	<b>1.75%</b>	<b>2.00%</b>	<b>2.00%</b>

- Total beginning cash is based on FY 2014/15 ending Fund Balance, as listed in Source File: 2016 Sanitation Fund Rate Analysis-2.xlsx.
- The Capital Rehabilitation & Replacement Reserve target is set to the annual average of Capital Project expenditures (in future year dollars).
- Historical interest earning rates were referenced on the CA Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2021 and phase into the historical 10 year average interest earnings rate.





SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY  
 Operating Revenue and Expenses

EXHIBIT 1

SEWER REVENUE FORECAST:

DESCRIPTION (1)	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>SEWER REVENUE</b>											
7102 Wastewater Service											
SEWER CHARGES	1	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088
<b>TOTAL: REVENUE</b>		<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>

SEWER REVENUE SUMMARY:

<b>SEWER REVENUE</b>											
Other Revenues		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Service Charge		\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088	\$ 100,088
<b>TOTAL: REVENUE</b>		<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>	<b>\$ 100,088</b>

SEWER FUND OPERATING EXPENSE FORECAST (2):

DESCRIPTION - WASTEWATER	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>PERSONNEL</b>											
<b>Salaries</b>											
REGULAR SALARIES	3	\$ 15,000	\$ 15,403	\$ 15,816	\$ 16,241	\$ 16,677	\$ 17,125	\$ 17,585	\$ 18,057	\$ 18,542	\$ 19,039
OVERTIME WAGES	3	2,500	2,567	2,636	2,707	2,780	2,854	2,931	3,009	3,090	3,173
STANDBY WAGES	3	500	513	527	541	556	571	586	602	618	635
<b>Subtotal</b>		<b>\$ 18,000</b>	<b>\$ 18,483</b>	<b>\$ 18,980</b>	<b>\$ 19,489</b>	<b>\$ 20,012</b>	<b>\$ 20,550</b>	<b>\$ 21,102</b>	<b>\$ 21,668</b>	<b>\$ 22,250</b>	<b>\$ 22,847</b>
<b>Benefits</b>											
MEDICAL INSURANCE	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DENTAL INSURANCE	3	-	-	-	-	-	-	-	-	-	-
PERS - RETIREMENT	3	1,300	1,335	1,371	1,408	1,445	1,484	1,524	1,565	1,607	1,650
FICA - SOCIAL SECURITY	3	1,100	1,130	1,160	1,191	1,223	1,256	1,290	1,324	1,360	1,396
WORKERS COMPENSATION	3	-	-	-	-	-	-	-	-	-	-
MEDICARE RETIRED MEDICAL	3	300	308	316	325	334	342	352	361	371	381
SPECIAL CLOTHING	3	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 2,700</b>	<b>\$ 2,772</b>	<b>\$ 2,847</b>	<b>\$ 2,923</b>	<b>\$ 3,002</b>	<b>\$ 3,082</b>	<b>\$ 3,165</b>	<b>\$ 3,250</b>	<b>\$ 3,337</b>	<b>\$ 3,427</b>
<b>Additional Positions</b>											
Fully Loaded Cost of New Position(s)	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL: PERSONNEL</b>		<b>\$ 20,700</b>	<b>\$ 21,256</b>	<b>\$ 21,827</b>	<b>\$ 22,413</b>	<b>\$ 23,014</b>	<b>\$ 23,632</b>	<b>\$ 24,267</b>	<b>\$ 24,918</b>	<b>\$ 25,587</b>	<b>\$ 26,274</b>
<b>MATERIALS &amp; SERVICES</b>											
ADMIN OVERHEAD ALLOCATION FROM WATER	1	\$ 10,970	\$ 11,298	\$ 11,639	\$ 11,987	\$ 12,344	\$ 12,710	\$ 13,088	\$ 13,479	\$ 13,878	\$ 14,294
CONTRACT/PROFESSIONAL SERVICES	2	\$ 51,000	\$ 52,352	\$ 53,739	\$ 55,163	\$ 56,625	\$ 58,125	\$ 59,666	\$ 61,247	\$ 62,870	\$ 64,536
OUTSIDE WATER ANALYSIS	2	14,600	14,987	15,384	15,792	16,210	16,640	17,081	17,533	17,998	18,475
ADMINISTRATION OVERHEAD	2	4,000	4,106	4,215	4,327	4,441	4,559	4,680	4,804	4,931	5,062
EQUIPMENT REPLACEMENT FUND	2	-	-	-	-	-	-	-	-	-	-
UTILITIES	2	7,000	7,186	7,376	7,571	7,772	7,978	8,189	8,406	8,629	8,858
OPERATING SUPPLIES	2	6,000	6,159	6,322	6,490	6,662	6,838	7,019	7,205	7,396	7,592
MAINT & OPERATIONS OF VEHICLES	2	500	513	527	541	555	570	585	600	616	633
RENTAL/LEASES/PERMITS	2	15,000	15,398	15,806	16,224	16,654	17,096	17,549	18,014	18,491	18,981
FACILITIES MAINTENANCE	2	500	513	527	541	555	570	585	600	616	633
COMMUNICATIONS & TELEMETERING	2	3,200	3,285	3,372	3,461	3,553	3,647	3,744	3,843	3,945	4,049
OFFICE SUPPLIES (included 5078)	2	-	-	-	-	-	-	-	-	-	-
POSTAGE	2	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>\$ 112,770</b>	<b>\$ 115,796</b>	<b>\$ 118,905</b>	<b>\$ 122,096</b>	<b>\$ 125,371</b>	<b>\$ 128,732</b>	<b>\$ 132,185</b>	<b>\$ 135,732</b>	<b>\$ 139,371</b>	<b>\$ 143,112</b>
<b>TOTAL: MATERIALS &amp; SERVICES</b>		<b>\$ 112,770</b>	<b>\$ 115,796</b>	<b>\$ 118,905</b>	<b>\$ 122,096</b>	<b>\$ 125,371</b>	<b>\$ 128,732</b>	<b>\$ 132,185</b>	<b>\$ 135,732</b>	<b>\$ 139,371</b>	<b>\$ 143,112</b>
<b>GRAND TOTAL: WASTEWATER EXPENSES</b>		<b>\$ 133,470</b>	<b>\$ 137,051</b>	<b>\$ 140,732</b>	<b>\$ 144,509</b>	<b>\$ 148,385</b>	<b>\$ 152,364</b>	<b>\$ 156,451</b>	<b>\$ 160,651</b>	<b>\$ 164,958</b>	<b>\$ 169,386</b>

NON-CASH ITEMS, EXCLUDED FROM ABOVE:

DESCRIPTION	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>DEPRECIATION</b>											
Depreciation Expense	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL: DEPRECIATION</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FORECASTING ASSUMPTIONS:

COST INFLATION FACTORS	Basis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Growth	1	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation (4)	2	--	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Labor Cost Inflation (5)	3	--	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Water Purchases	4	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Energy (6)	5	--	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Chemicals (7)	6	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fuel	7	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenues are from the Final Trial Balance on June 30, 2015 from source file: *SLVWD 2015 Working TB.xls* and are actual revenues from FY 14/15.
2. Expenses are from the FY 2015/16 Budget and from source file: *FY1516 BUDGET FINAL.pdf*. All projected expenses are rounded to the nearest \$100.
3. 1.5 percent of Administration budget items are allocated to the sewer utility; per District staff, via email September 2016.
4. Expected Inflation factors based on expense type from 5 year average from Bureau of Labor Statistics Data.  
[http://www.bls.gov/regions/west/news-release/consumerpriceindex\\_sanfrancisco.htm](http://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm)
5. Labor cost inflation is based on the 5-year average annual change in the Quarterly Census of Employment and Wages (San Jose area, CA).  
[http://www.bls.gov/regions/west/news-release/2016/employmentcostindex\\_sanjose\\_20161031.htm](http://www.bls.gov/regions/west/news-release/2016/employmentcostindex_sanjose_20161031.htm)
6. Estimated energy cost inflation provided by a University of California Davis report:  
*The Future of Electricity Prices in California: Understanding Market Drivers and Forecasting Prices to 2040*, by Johnathan Cook, Ph.D., page 31, Table 7.
7. Inflation factor recently used by other California water agencies (e.g., City of Sunnyvale, City of Eureka, Humboldt CSD).

CAPITAL FUNDING SUMMARY - SEWER

CAPITAL FUNDING FORECAST	Budget		Projected							
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>Sewer Funding Sources:</b>										
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-
Use of Future Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Rate Revenue	-	63,880	65,796	67,770	69,803	71,898	74,054	76,276	78,564	80,921
<b>Total Sources of Capital Funds</b>	<b>\$ -</b>	<b>\$ 63,880</b>	<b>\$ 65,796</b>	<b>\$ 67,770</b>	<b>\$ 69,803</b>	<b>\$ 71,898</b>	<b>\$ 74,054</b>	<b>\$ 76,276</b>	<b>\$ 78,564</b>	<b>\$ 80,921</b>
<b>Uses of Capital Funds:</b>										
Total Project Costs	\$ -	\$ 63,880	\$ 65,796	\$ 67,770	\$ 69,803	\$ 71,898	\$ 74,054	\$ 76,276	\$ 78,564	\$ 80,921
<b>Capital Funding Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SRF Loan Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Future Revenue Bond Proceeds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CAPITAL IMPROVEMENT PROGRAM - SEWER

Sewer Capital Improvement Program Costs (1):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200	\$ 19,200
Diversions	\$ -	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680	\$ 44,680
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Placeholder for Future Year Capital Projects</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: CIP Program Costs</b>	<b>\$ -</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>	<b>\$ 63,880</b>

Sewer Capital Improvement Program Costs (in Future-Year Dollars):

Project Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pipes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks (including 10% volume contingency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	\$ -	\$ 19,200	\$ 19,776	\$ 20,369	\$ 20,980	\$ 21,610	\$ 22,258	\$ 22,926	\$ 23,614	\$ 24,322
Diversions	\$ -	\$ 44,680	\$ 46,020	\$ 47,401	\$ 48,823	\$ 50,288	\$ 51,796	\$ 53,350	\$ 54,951	\$ 56,599
Admin/Operations Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Placeholder for Future Year Capital Projects</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: Capital Improvement Program Costs (Future-Year Dollars)</b>	<b>\$ -</b>	<b>\$ 63,880</b>	<b>\$ 65,796</b>	<b>\$ 67,770</b>	<b>\$ 69,803</b>	<b>\$ 71,898</b>	<b>\$ 74,054</b>	<b>\$ 76,276</b>	<b>\$ 78,564</b>	<b>\$ 80,921</b>

FORECASTING ASSUMPTIONS:

Economic Variables	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record(2)	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from 2016	1.00	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27

1. Capital project costs were provided by City Staff in source file: VWHA\_Capital\_Asset\_Cost\_of\_Service\_9\_02\_16.pdf.

2. For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2005-2015 (3.0%). Source: Engineering News Record website (<http://enr.construction.com>).

WASTEWATER UTILITY EXISTING DEBT OBLIGATIONS	Budget	Projected								
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Annual Repayment Schedules:										
Grand Total: Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Existing Annual Debt Obligations to be Satisfied by Wastewater Rates:

Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



SAN LORENZO VALLEY WATER DISTRICT  
ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - SEWER UTILITY  
Projected Wastewater Rates Under Existing Rate Schedule

EXHIBIT 4

Current Wastewater Rate Schedule:

Fixed Charges	Current Monthly
Sewer	\$114.00

**SAN LORENZO VALLEY WATER DISTRICT**  
**ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - SEWER UTILITY**  
**Cost of Service Analysis**

Classification of Expenses - Sewer									
Budget Categories	Total Cost Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
<b>PERSONNEL</b>									
PERSONNEL									
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
REGULAR SALARIES	\$ 15,816	\$ 8,857	\$ 3,480	\$ 3,480	\$ -	56%	22%	22%	0%
OVERTIME WAGES	\$ 2,636	\$ 1,450	\$ 527	\$ 527	\$ 132	55%	20%	20%	5%
STANDBY WAGES	\$ 527	\$ 290	\$ 105	\$ 105	\$ 26	55%	20%	20%	5%
Subtotal	\$ 18,980	\$ 10,597	\$ 4,112	\$ 4,112	\$ 158	56%	22%	22%	1%
Benefits									
MEDICAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
DENTAL INSURANCE	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
PERS - RETIREMENT	\$ 1,371	\$ 754	\$ 274	\$ 274	\$ 69	55%	20%	20%	5%
FICA - SOCIAL SECURITY	\$ 1,160	\$ 638	\$ 232	\$ 232	\$ 58	55%	20%	20%	5%
WORKERS COMPENSATION	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
MEDICARE RETIRED MEDICAL	\$ 316	\$ 174	\$ 63	\$ 63	\$ 16	55%	20%	20%	5%
SPECIAL CLOTHING	\$ -	\$ -	\$ -	\$ -	\$ -	56%	22%	22%	0%
Subtotal	\$ 2,847	\$ 1,566	\$ 569	\$ 569	\$ 142	55%	20%	20%	5%
<b>TOTAL: PERSONNEL</b>	<b>\$ 21,827</b>	<b>\$ 12,163</b>	<b>\$ 4,682</b>	<b>\$ 4,682</b>	<b>\$ 301</b>	<b>56%</b>	<b>21%</b>	<b>21%</b>	<b>1%</b>
<b>MATERIALS &amp; SERVICES</b>									
ADMIN OVERHEAD ALLOCATION FROM WATER (3)	\$ 11,639	\$ 6,401	\$ 2,328	\$ 2,328	\$ 582	55%	20%	20%	5%
CONTRACT/PROFESSIONAL SERVICES	\$ 53,739	\$ 29,556	\$ 10,748	\$ 10,748	\$ 2,687	55%	20%	20%	5%
OUTSIDE WATER ANALYSIS	\$ 15,384	\$ 8,461	\$ 3,077	\$ 3,077	\$ 769	55%	20%	20%	5%
ADMINISTRATION OVERHEAD	\$ 4,215	\$ -	\$ -	\$ -	\$ 4,215	0%	0%	0%	100%
EQUIPMENT REPLACEMENT FUND	\$ -	\$ -	\$ -	\$ -	\$ -	55%	20%	20%	5%
UTILITIES	\$ 7,376	\$ 4,057	\$ 1,475	\$ 1,475	\$ 369	55%	20%	20%	5%
OPERATING SUPPLIES	\$ 6,322	\$ 3,477	\$ 1,264	\$ 1,264	\$ 316	55%	20%	20%	5%
MAINT & OPERATIONS OF VEHICLES	\$ 527	\$ 290	\$ 105	\$ 105	\$ 26	55%	20%	20%	5%
RENTAL/LEASES/PERMITS	\$ 15,806	\$ 8,693	\$ 3,161	\$ 3,161	\$ 790	55%	20%	20%	5%
FACILITIES MAINTENANCE	\$ 527	\$ 290	\$ 105	\$ 105	\$ 26	55%	20%	20%	5%
COMMUNICATIONS & TELEMETERING	\$ 3,372	\$ 1,855	\$ 674	\$ 674	\$ 169	55%	20%	20%	5%
OFFICE SUPPLIES (included 5078)	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
POSTAGE	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%	0%	100%
Subtotal	\$ 118,905	\$ 63,080	\$ 22,938	\$ 22,938	\$ 9,949	53%	19%	19%	8%
<b>TOTAL: MATERIALS &amp; SERVICES</b>	<b>\$ 118,905</b>	<b>\$ 63,080</b>	<b>\$ 22,938</b>	<b>\$ 22,938</b>	<b>\$ 9,949</b>	<b>53%</b>	<b>19%</b>	<b>19%</b>	<b>8%</b>
<b>GRAND TOTAL: WASTEWATER EXPENSES</b>	<b>\$ 140,732</b>	<b>\$ 75,243</b>	<b>\$ 27,620</b>	<b>\$ 27,620</b>	<b>\$ 10,250</b>	<b>53%</b>	<b>20%</b>	<b>20%</b>	<b>7%</b>

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - SEWER UTILITY  
 Cost of Service Analysis

Classification of Expenses - Sewer, continued									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2017/18	(VOL)	(BOD)	(TSS)	(CA)	(VOL)	(BOD)	(TSS)	(CA)
<b>Debt Service Payments</b>									
Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
Future Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%
<b>Total Debt Service Payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Capital Expenditures</b>									
Rate Funded Capital Expenses	\$ 65,796	\$ 32,898	\$ 16,449	\$ 16,449	\$ -	50%	25%	25%	0%
<b>TOTAL COST REQUIREMENTS</b>	<b>\$ 206,528</b>	<b>\$ 108,141</b>	<b>\$ 44,069</b>	<b>\$ 44,069</b>	<b>\$ 10,250</b>	<b>52%</b>	<b>21%</b>	<b>21%</b>	<b>5%</b>
<b>Less: Non-Rate Revenues</b>									
SEWER REVENUE									
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	52%	21%	21%	5%
Sewer Service Charge	\$ -	\$ -	\$ -	\$ -	\$ -	52%	21%	21%	5%
<b>NET SEWER COST REQUIREMENTS</b>	<b>\$ 206,528</b>	<b>\$ 108,141</b>	<b>\$ 44,069</b>	<b>\$ 44,069</b>	<b>\$ 10,250</b>				
<b>Allocation of Sewer Cost Requirements</b>	<b>100.0%</b>	<b>52.4%</b>	<b>21.3%</b>	<b>21.3%</b>	<b>5.0%</b>				

Net Revenue Reqt. Check from Financial Plan \$ -

SAN LORENZO VALLEY WATER DISTRICT  
 ENTERPRISE WIDE COST OF SERVICE FINANCIAL STUDY - SEWER UTILITY  
 Wastewater Cost of Service Analysis

Development of the BASE CAPACITY Allocation Factor (1) - Sewer					
Customer Class	Number of Accounts	Monthly Average Consumption	Estimated Annual Volume Total (HCF)	Adjusted Annual Volume Total (HCF)	Percentage of Adjusted Volume
Residential	55	292	3,505	3,505	100.0%
<b>Grand Total:</b>	<b>55</b>		<b>3,505</b>	<b>3,505</b>	<b>100.0%</b>
<i>3,505 Flow (cct/yr.) 1.00 Flow Adj. Factor</i>					

1. Consumption data is based on SLVWD water customer data; several months of consumption have been approximated.

Development of the Strength Allocation Factor - Sewer									
Customer Class	Biochemical Oxygen Demand (BOD)					Total Suspended Solids (TSS)			
	Annual Flow (gallons)	Average Strength Factor (mg/l) (1)	Calculated BOD (lbs./yr.)	Adjusted BOD (lbs./yr.)	Percent of Total	Average Strength Factor (mg/l) (1)	Calculated TSS (lbs./yr.)	Adjusted TSS (lbs./yr.)	Percent of Total
Residential	2,621,915	200	4,373	4,373	100.00%	200	4,373	4,373	100.00%
<b>Grand Total:</b>	<b>2,621,915</b>		<b>4,373</b>	<b>4,373</b>			<b>4,373</b>	<b>4,373</b>	
<i>Target, from WWTP Data 4,373 BOD (lbs./yr.) 1,000 BOD Adj. Factor 4,373 TSS (lbs./yr.) 1,000 TSS Adj. Factor</i>									

1. Average strength factors for BOD and TSS are derived from the State Water Resources Control Board Revenue Program Guidelines, Appendix G.

**Capacity Related Costs:** Costs associated with the maximum demand required at one point in time or the maximum size of facilities required to meet this demand.

Development of the Customer Allocation Factor - Sewer		
Customer Class	Number of Accounts	Percent of Total
Residential	55	100.00%
<b>Grand Total:</b>	<b>55</b>	<b>100.00%</b>

Allocation of FY 2017/18 Cost Requirements by Customer Class - Sewer						
Customer Class	Cost Classification Components				Net Cost-of-Service Requirements	% of Net Cost-of-Service Requirements
	Volume	Treatment		Customer Related		
		BOD	TSS			
<b>Net Cost Requirements (1)</b>	<b>\$ 73,370</b>	<b>\$ 29,899</b>	<b>\$ 29,899</b>	<b>\$ 6,954</b>	<b>\$ 140,124</b>	<b>--</b>
	<i>52.4%</i>	<i>21.3%</i>	<i>21.3%</i>	<i>5.0%</i>	<i>100.0%</i>	
SINGLE FAMILY	\$ 73,370	\$ 29,899	\$ 29,899	\$ 6,954	\$ 140,124	100.0%
<b>TOTAL</b>	<b>\$ 73,370</b>	<b>\$ 29,899</b>	<b>\$ 29,899</b>	<b>\$ 6,954</b>	<b>\$ 140,124</b>	<b>100%</b>

1. Cost requirement for each customer class is determined by multiplying the requirement from each cost classification by the allocation factors for each customer class.

# Fiscal Year 2016/2017

## First Quarter Financial Summary

---

### Management's Discussion and Analysis (MDA)

#### Overview

This section presents management's analysis of the San Lorenzo Valley Water District's (the District) financial condition and activities as of the above mentioned period. This information should be read in conjunction with the unaudited financial information that follows. For a complete review of a fiscal year, it is best to come back and look at the audited Annual Financial Report.

The District does a hard year end close, through that process there are yearend expenses that are booked at yearend and not represented in the monthly expenses. There may also be annual expenses paid upfront that could cause individual months to appear skewed. Data is continuously being reviewed, so it is not un-common for a prior month balance to change slightly throughout the year as accounts are reconciled. It is important to understand this in connection with the numbers that follow.

#### Operations Net Results

For the three months ended September 30, 2016, the District had an operating loss of \$21K. Quarterly operating revenue was \$2.2M with operating expenses of \$2.2M. Included in the operating expenses are an estimated depreciation expense of \$389K and the pension Unfunded Accrued Liability (UAL) prepayment of \$198K. The annual budgeted operating net position is expected to be a loss of \$1.3M. At this point there are no recommendations to adjust the FY2016/2017 budget.

#### Operating Revenue

Quarterly operating revenue of \$2.2M is in line with expectations, as this is typically the highest usage quarter of the fiscal year. July, August and September had usage of 72K, 72.4K and 70.6K units of water billed, respectively.

#### Operating Expenses

Quarterly operating expenses were \$2.2M, or 26% of the annual budget.

- Salaries & Benefits category was at 30% of the annual budget. This was due to the annual prepayment of the UAL

Q1 CY compared to Q1 PY had an increase of \$600K, or 38%. This was due to a quarterly estimated depreciation entry of \$389K in the current quarter, of which it was not booked quarterly in the prior year. Excluding depreciation, operating expenses had an increase of \$209K, or 13%

- The increase is due to a higher UAL prepayment of approximately \$100K due to utilizing the fresh start 15 to save the District on future UAL expenses. Remainder of the difference was related to recognizing full year of new hire expenses.

#### Non-Operating Revenue & Expenses

Work in progress. Expected for Q2 report.

### Debt Obligations

Work in progress. Expected for Q2 report.

### Liquidity

Work in progress. Expected for Q2 report.

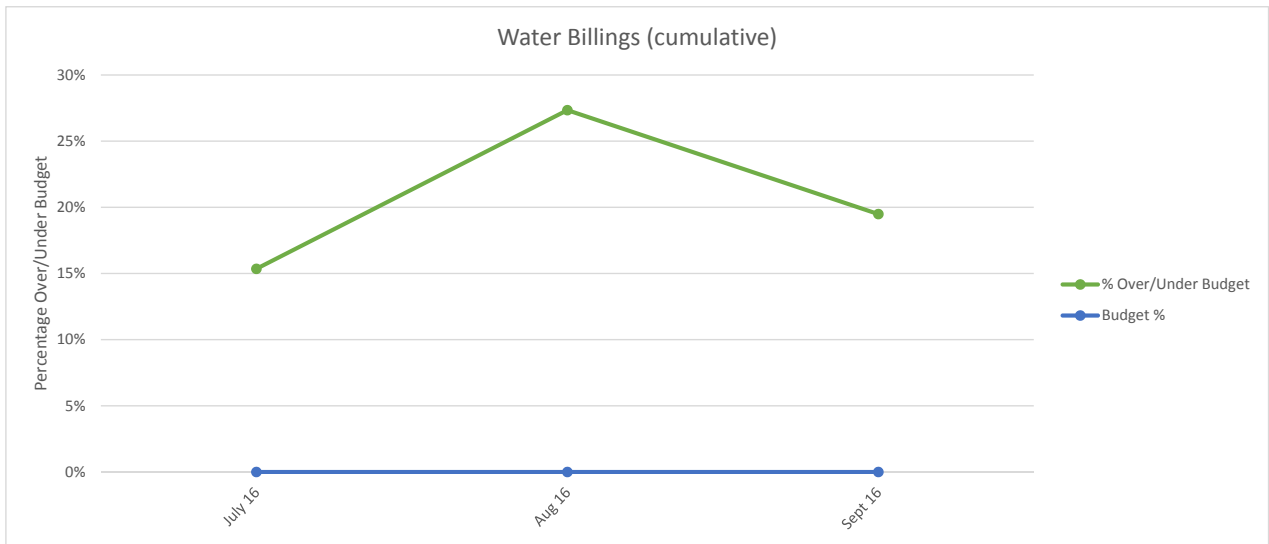
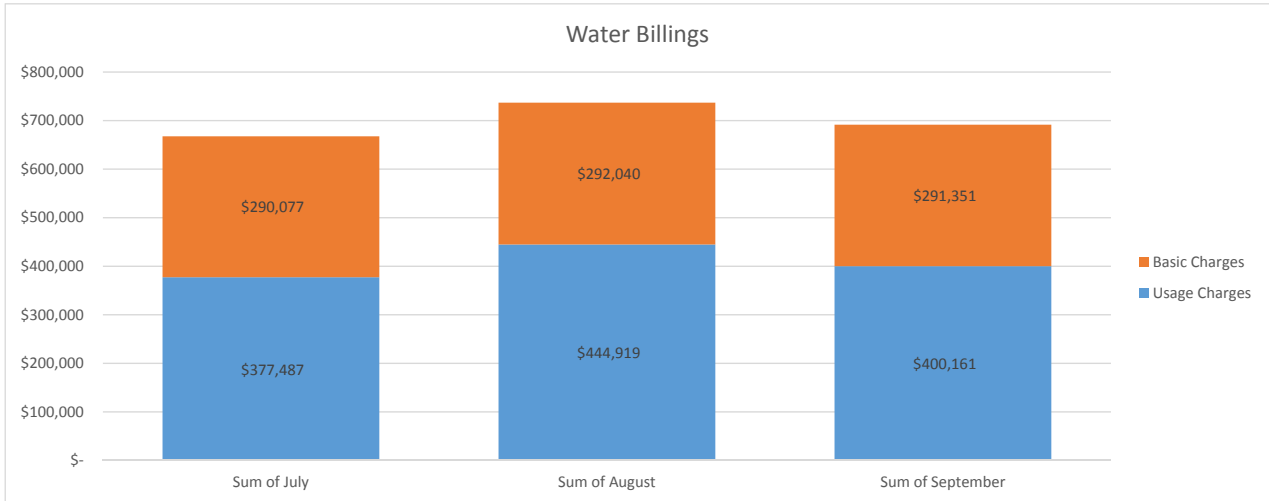
### Capital Projects & Expenditures

Work in progress. Expected for Q2 report.

## OPERATING SUMMARY [A]

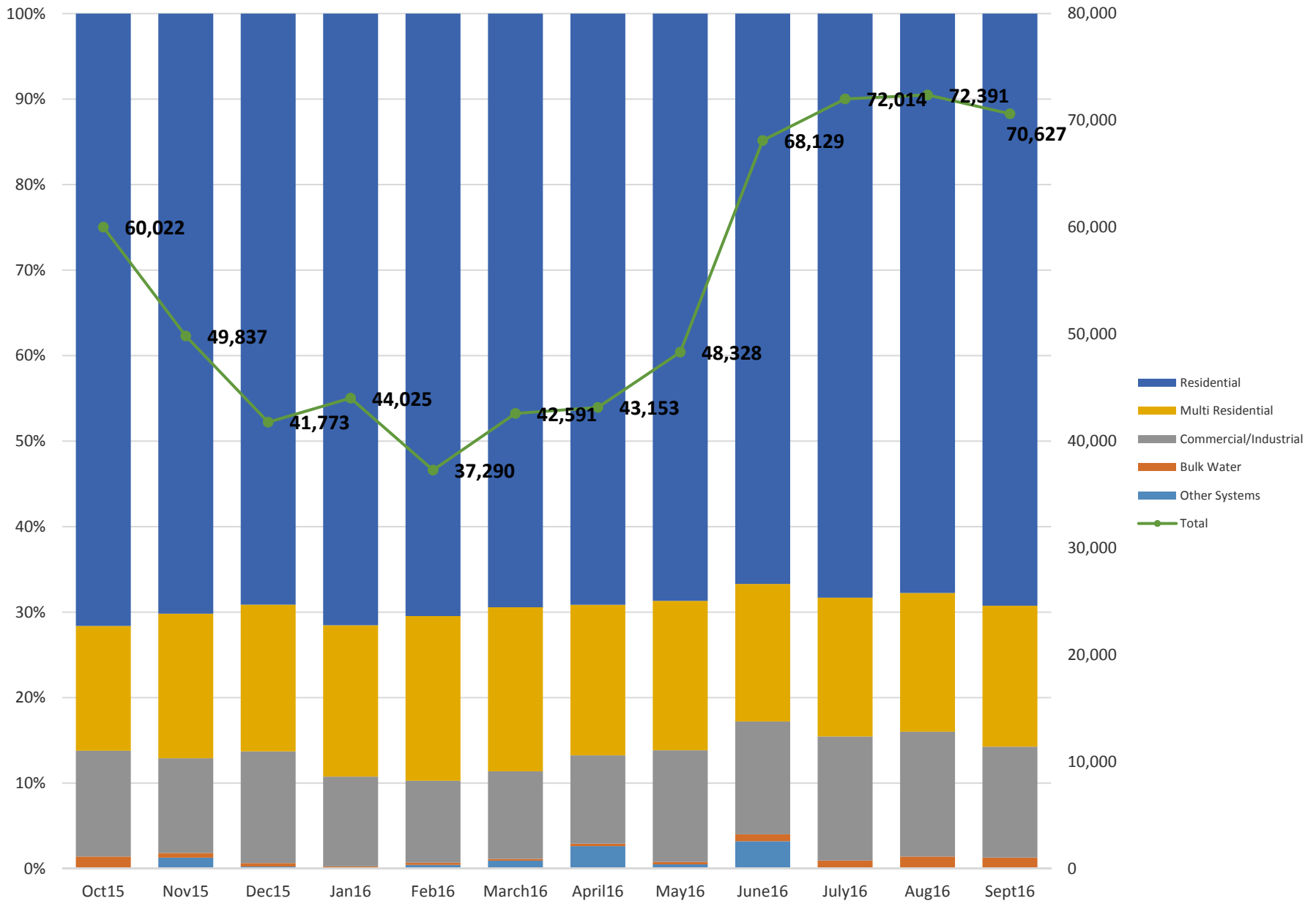
	JULY	AUGUST	SEPTEMBER	Q1/YTD	ANNUAL BUDGET	% of Budget
<b>OPERATING REVENUE</b>						
Water Basic	290,077	292,040	291,351	873,468		
Water Usage	377,487	444,919	400,161	1,222,567		
Water Fees	7,100	6,325	6,660	20,085		
Water Misc	6,452	8,697	13,185	28,333		
Sewer	8,046	8,046	8,046	24,138		
Sewer Misc	-	-	-	-		
<b>TOTAL OPERATING REVENUE</b>	<b>689,162</b>	<b>760,027</b>	<b>719,403</b>	<b>2,168,592</b>	<b>6,944,640</b>	<b>31.2%</b>
<b>OPERATING EXPENSES:</b>						
Salaries & Benefits	577,959	375,342	284,121	1,237,422		
Materials & Services	13,725	280,631	657,675	952,030		
<b>TOTAL OPERATING EXPENSES</b>	<b>591,683</b>	<b>655,973</b>	<b>941,796</b>	<b>2,189,452</b>	<b>8,365,760</b>	<b>26.2%</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>97,479</b>	<b>104,054</b>	<b>(222,393)</b>	<b>(20,860)</b>	<b>(1,321,151)</b>	<b>1.6%</b>

[A] As mentioned previously, monthly data can appear skewed due to the nature of entries. For example, estimated depreciation is booked quarterly on the last day of the quarter. Fiscal year end accruals and reversals are performed at once and may not coincide with the month the expense came in.





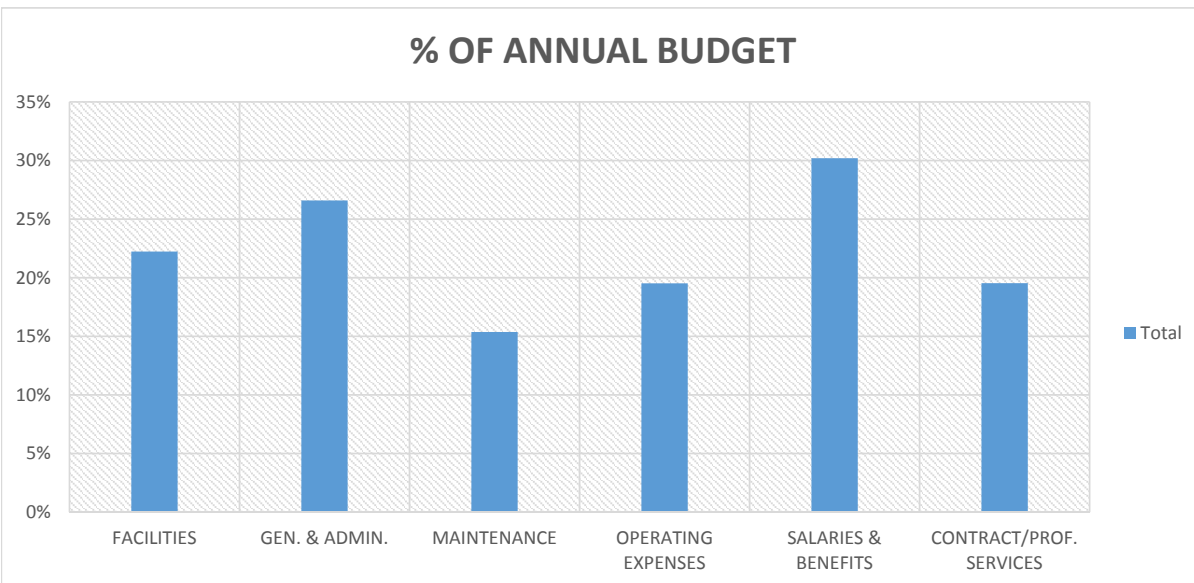
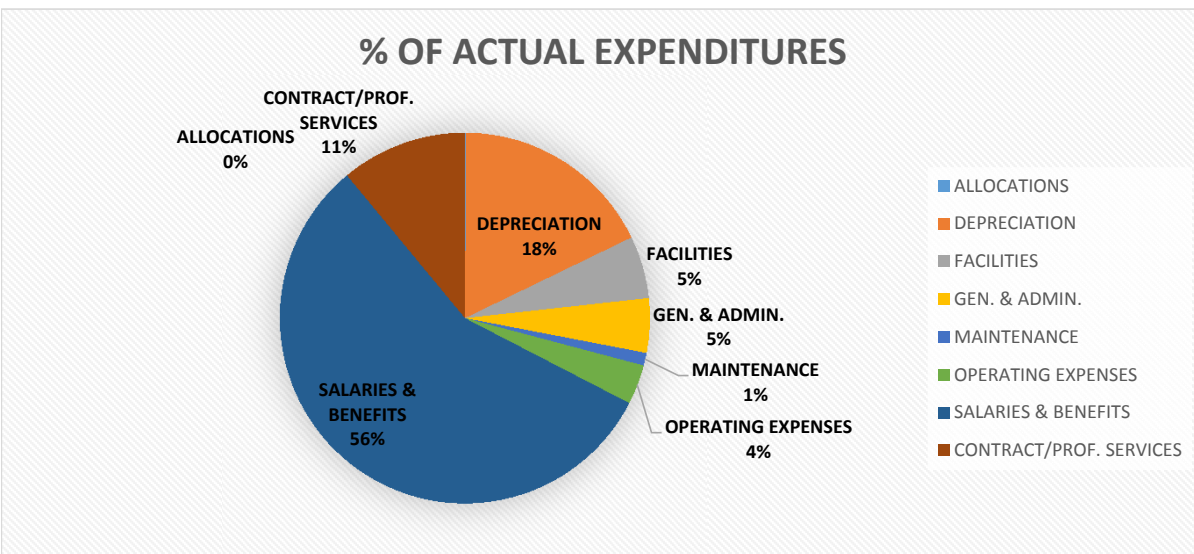
### Monthly Usage by Class (units)



# OPERATING EXPENSE ANALYSIS - Q1

## EXPENSES BY CATEGORY

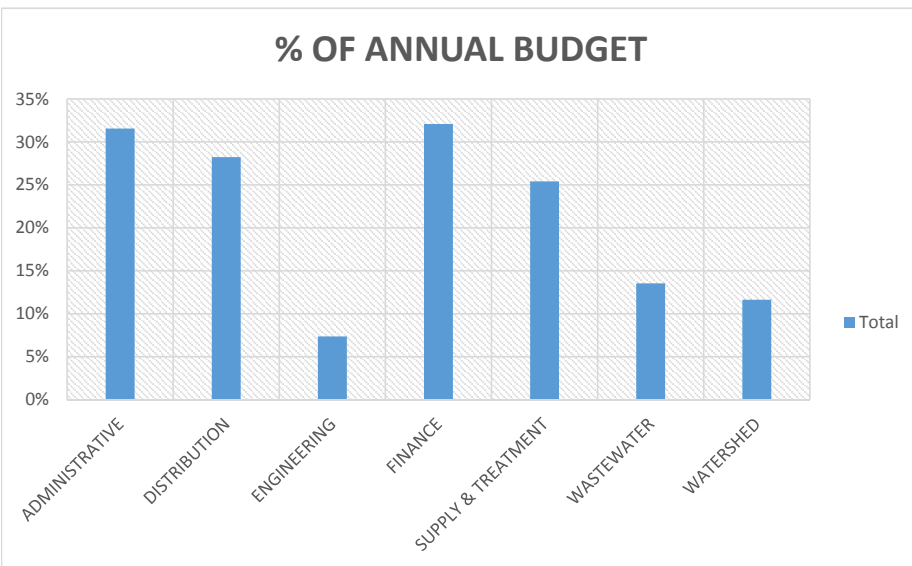
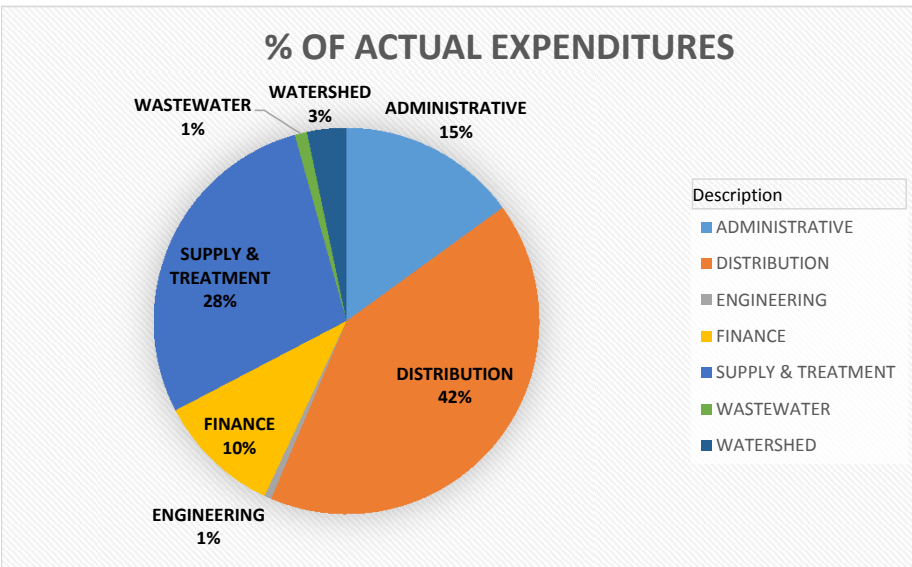
Description	COMPARING AGAINST PRIOR YEAR				COMPARING AGAINST BUDGET		
	Q1 CY ACTUALS	Q1 PY ACTUALS	\$ Diff.	% Diff.	% of Budget	25% of Budget	ANNUAL BUDGET
SALARIES & BENEFITS	\$ 1,237,422	\$ 1,049,486	\$ 187,936	18%	30%	\$ 1,024,482	\$ 4,097,927
CONTRACT/PROF. SERVICES	\$ 241,583	\$ 241,145	\$ 438	0%	20%	\$ 309,121	\$ 1,236,483
OPERATING EXPENSES	\$ 76,133	\$ 44,852	\$ 31,281	70%	20%	\$ 97,500	\$ 390,000
MAINTENANCE	\$ 24,211	\$ 24,808	\$ (597)	-2%	15%	\$ 39,375	\$ 157,500
FACILITIES	\$ 119,192	\$ 103,415	\$ 15,777	15%	22%	\$ 134,025	\$ 536,100
GEN. & ADMIN.	\$ 104,177	\$ 127,916	\$ (23,739)	-19%	27%	\$ 97,938	\$ 391,750
DEPRECIATION	\$ 389,000	\$ -	\$ 389,000	0%	25%	\$ 389,000	\$ 1,556,000
ALLOCATIONS	\$ (2,265)	\$ -	\$ (2,265)	0%	0%	\$ -	\$ -
	\$ 2,189,452	\$ 1,591,621	\$ 597,831	38%	26%	\$ 2,091,440	\$ 8,365,760



# OPERATING EXPENSE ANALYSIS - Q1

## EXPENSES BY DEPARTMENT

Dept.	Description	COMPARING AGAINST PRIOR YEAR				COMPARING AGAINST BUDGET		
		Q1 CY ACTUALS	Q1 PY ACTUALS	\$ Diff.	% Diff.	% of Budget	25% of Budget	ANNUAL BUDGET
100	ADMINISTRATIVE	\$ 328,694	\$ 221,401	\$ 107,293	48%	32%	\$ 260,460	\$ 1,041,838
200	FINANCE	\$ 226,815	\$ 226,682	\$ 133	0%	32%	\$ 176,762	\$ 707,048
300	ENGINEERING	\$ 13,219	\$ 49,377	\$ (36,158)	-73%	7%	\$ 44,883	\$ 179,531
400	DISTRIBUTION	\$ 905,853	\$ 546,933	\$ 358,920	66%	28%	\$ 802,375	\$ 3,209,498
500	WATERSHED	\$ 72,078	\$ 85,855	\$ (13,778)	-16%	12%	\$ 154,855	\$ 619,421
600	WASTEWATER	\$ 22,697	\$ 12,927	\$ 9,770	76%	14%	\$ 41,929	\$ 167,718
800	SUPPLY & TREATMENT	\$ 620,096	\$ 451,395	\$ 168,700	37%	25%	\$ 610,176	\$ 2,440,706
		\$ 2,189,452	\$ 1,594,571	\$ 594,881	37%	26%	\$ 2,091,440	\$ 8,365,760



## OPERATING EXPENSE ANALYSIS - Q1

### DETAILED EXPENSES BY DEPARTMENT

<b>ADMINISTRATIVE</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 128,777	30%	\$ 105,735	\$ 422,938
CONTRACT/PROFESSIONAL SERVICES	\$ 122,897	34%	\$ 91,300	\$ 365,200
OPERATING EXPENSES	\$ -	0%	\$ 250	\$ 1,000
MAINTENANCE	\$ 2,241	15%	\$ 3,750	\$ 15,000
FACILITIES	\$ 5,897	20%	\$ 7,500	\$ 30,000
GEN. & ADMIN.	\$ 66,382	34%	\$ 49,425	\$ 197,700
DEPRECIATION	\$ 2,500	25%	\$ 2,500	\$ 10,000
ALLOCATIONS	\$ -	0%	\$ -	\$ -
CLEARING	\$ -	0%	\$ -	\$ -
<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 328,694</b>	<b>32%</b>	<b>\$ 260,460</b>	<b>\$ 1,041,838</b>

<b>FINANCE</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 150,248	30%	\$ 123,687	\$ 494,748
CONTRACT/PROFESSIONAL SERVICES	\$ 45,085	43%	\$ 26,500	\$ 106,000
OPERATING EXPENSES	\$ -	0%	\$ -	\$ -
GEN. & ADMIN.	\$ 31,482	30%	\$ 26,575	\$ 106,300
DEPRECIATION	\$ -	0%	\$ -	\$ -
ALLOCATIONS	\$ -	0%	\$ -	\$ -
<b>TOTAL FINANCE</b>	<b>\$ 226,815</b>	<b>32%</b>	<b>\$ 176,762</b>	<b>\$ 707,048</b>

<b>ENGINEERING</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 9,620	6%	\$ 38,708	\$ 154,831
CONTRACT/PROFESSIONAL SERVICES	\$ 2,697	27%	\$ 2,500	\$ 10,000
OPERATING EXPENSES	\$ -	0%	\$ 1,500	\$ 6,000
MAINTENANCE	\$ -	0%	\$ 500	\$ 2,000
FACILITIES	\$ 256	9%	\$ 750	\$ 3,000
GEN. & ADMIN.	\$ 646	17%	\$ 925	\$ 3,700
DEPRECIATION	\$ -	0%	\$ -	\$ -
<b>TOTAL ENGINEERING</b>	<b>\$ 13,219</b>	<b>7%</b>	<b>\$ 44,883</b>	<b>\$ 179,531</b>

<b>DISTRIBUTION</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 523,382	33%	\$ 396,375	\$ 1,585,498
CONTRACT/PROFESSIONAL SERVICES	\$ 17,306	14%	\$ 30,000	\$ 120,000
OPERATING EXPENSES	\$ 33,731	30%	\$ 28,125	\$ 112,500
MAINTENANCE	\$ 19,462	20%	\$ 24,000	\$ 96,000
FACILITIES	\$ 37,417	21%	\$ 44,250	\$ 177,000
GEN. & ADMIN.	\$ 570	4%	\$ 3,375	\$ 13,500
DEPRECIATION	\$ 276,250	25%	\$ 276,250	\$ 1,105,000
ALLOCATIONS	\$ (2,265)	0%	\$ -	\$ -
CLEARING	\$ -	0%	\$ -	\$ -
<b>TOTAL DISTRIBUTION</b>	<b>\$ 905,853</b>	<b>28%</b>	<b>\$ 802,375</b>	<b>\$ 3,209,498</b>

**DETAILED EXPENSES BY DEPARTMENT (continued)**

<b>WATERSHED</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 40,252	21%	\$ 48,072	\$ 192,288
CONTRACT/PROFESSIONAL SERVICES	\$ 26,921	8%	\$ 86,821	\$ 347,283
OPERATING EXPENSES	\$ -	0%	\$ 375	\$ 1,500
MAINTENANCE	\$ -	0%	\$ 3,750	\$ 15,000
FACILITIES	\$ -	0%	\$ 75	\$ 300
GEN. & ADMIN.	\$ 4,905	8%	\$ 15,763	\$ 63,050
<b>TOTAL WATERSHED</b>	<b>\$ 72,078</b>	<b>12%</b>	<b>\$ 154,855</b>	<b>\$ 619,421</b>

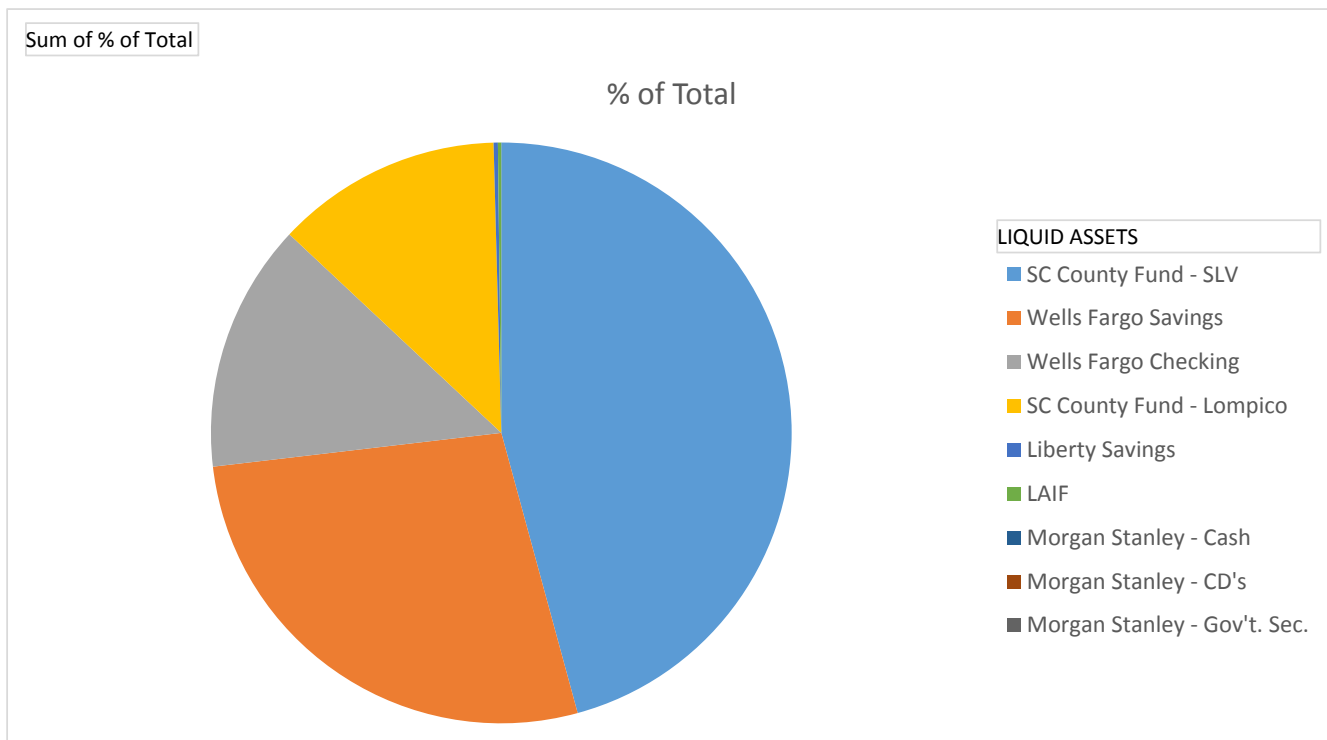
<b>SUPPLY &amp; TREATMENT</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ 385,142	31%	\$ 307,051	\$ 1,228,206
CONTRACT/PROFESSIONAL SERVICES	\$ 19,968	9%	\$ 56,250	\$ 225,000
OPERATING EXPENSES	\$ 40,926	17%	\$ 61,875	\$ 247,500
MAINTENANCE	\$ 2,507	9%	\$ 7,125	\$ 28,500
FACILITIES	\$ 74,111	24%	\$ 78,750	\$ 315,000
GEN. & ADMIN.	\$ 192	3%	\$ 1,875	\$ 7,500
DEPRECIATION	\$ 97,250	25%	\$ 97,250	\$ 389,000
ALLOCATIONS	\$ -	0%	\$ -	\$ -
<b>TOTAL SUPPLY &amp; TREATMENT</b>	<b>\$ 620,096</b>	<b>25%</b>	<b>\$ 610,176</b>	<b>\$ 2,440,706</b>

<b>WASTEWATER</b>	<b>Q1 CY ACTUALS</b>	<b>% of Budget</b>	<b>25% of Budget</b>	<b>ANNUAL BUDGET</b>
SALARIES & BENEFITS	\$ -	0%	\$ 4,854	\$ 19,418
CONTRACT/PROFESSIONAL SERVICES	\$ 6,710	11%	\$ 15,750	\$ 63,000
OPERATING EXPENSES	\$ 1,476	7%	\$ 5,375	\$ 21,500
MAINTENANCE	\$ -	0%	\$ 250	\$ 1,000
FACILITIES	\$ 1,512	14%	\$ 2,700	\$ 10,800
GEN. & ADMIN.	\$ -	0%	\$ -	\$ -
DEPRECIATION	\$ 13,000	25%	\$ 13,000	\$ 52,000
ALLOCATIONS	\$ -	0%	\$ -	\$ -
CLEARING	\$ -	0%	\$ -	\$ -
<b>TOTAL WASTEWATER</b>	<b>\$ 22,697</b>	<b>14%</b>	<b>\$ 41,929</b>	<b>\$ 167,718</b>

**TOTAL OPERATING EXPENSES           \$ 2,189,452           26%   \$ 2,091,440   \$ 8,365,760**

AS OF 9/30/16

<b>LIQUID ASSETS</b>	<b>\$ Amount</b>	<b>% of Total</b>	<b>Ave Interest Rate</b>
Wells Fargo Checking	254,956	13.8%	0.180%
Wells Fargo Savings	504,340	27.4%	0.260%
Liberty Savings	4,348	0.2%	0.150%
Morgan Stanley - Cash	70	0.0%	0.010%
Morgan Stanley - Gov't. Sec.	-	0.0%	0.010%
Morgan Stanley - CD's	-	0.0%	0.000%
SC County Fund - SLV	843,060	45.8%	0.824%
SC County Fund - Lompico	232,030	12.6%	0.824%
LAIF	3,367	0.2%	0.634%
	<b>\$ 1,842,170</b>	<b>100%</b>	





CLIENT STATEMENT | For the Period September 1-30, 2016



**STATEMENT FOR:**  
SAN LORENZO VALLEY WATER DIST

**TOTAL VALUE OF YOUR ACCOUNT** (as of 9/30/16) **\$70.23**  
*Includes Accrued Interest*

*Morgan Stanley Smith Barney LLC. Member SIPC.*

**Your Financial Advisor**  
**Christopher Hoe**  
Associate Vice President  
Christopher.Hoe@morganstanley.com  
650 926-7647

**Your Branch**  
6004 LA MADRONA DR  
SANTA CRUZ, CA 95060-1040  
Telephone: 831-440-5200; Alt. Phone: 800-488-3436; Fax: 831-440-5201

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SAN LORENZO VALLEY WATER DIST  
13060 HI GHWAY 9  
BOULDER CREEK CA 95006-9119



Client Service Center (24 Hours a Day; 7 Days a Week): 800-869-3326

Access Your Account Online: [www.morganstanley.com/online](http://www.morganstanley.com/online)



## Standard Disclosures

The following Disclosures are applicable to the enclosed statement(s). Expanded Disclosures are attached to your most recent June and December statement (or your first Statement if you have not received a statement for those months). The Expanded Disclosures are also available by selecting Account Documents when you log on to [www.morganstanley.com/online](http://www.morganstanley.com/online) or, call 800-869-3326.

### Questions?

Questions regarding your account may be directed to your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, call Client Service Center at (800) 869-3326 or for account-related concerns call our Client Advocate at (866) 227-2256.

### Errors and Inquiries

It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand or believe were made in error by contacting the Branch Manager of the office where you maintain your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). Your statement will be deemed correct unless we receive a written inquiry of a suspected error. See your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered.

### Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-3], we may use funds comprising free credit balances carried for customer accounts here, provided that these funds are payable to customers on demand (i.e., are free of a lien or right of set-off in our favor or on behalf of some third party to whom you have given control). A financial statement of this organization is available for your personal inspection at its offices, or a copy will be mailed to you upon your written request.

### Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request. Promptly advise us of any material change in your investment objectives or financial situation.

**Important Information if you are a Margin Customer**(not available for certain retirement accounts)

If you have margin privileges, you may borrow money from us in exchange for pledging assets in your accounts as collateral for any outstanding margin loan. The amount you may borrow is based on the

value of the eligible securities in your margin accounts. If a security has eligible shares, the number of shares pledged as collateral will be indicated below the position.

### Margin Interest Charges

We calculate interest charges on margin loans as follows: (1) multiply the applicable margin interest rate by the daily close of business net settled debit balance, and (2) divide by 360 (days). Margin interest accrues daily throughout the month and is added to your debit balance at month-end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. We add the accrued interest to your debit balance and start a new calculation each time the applicable interest rate changes and at the close of every statement month. For interest rate information, log into your Morgan Stanley account at [morganstanley.com/online](http://morganstanley.com/online). Select your account with a Margin agreement and click Interest Rates for more information.

### Information regarding Special Memorandum Account

If you have a Margin Account, this is a combined statement of your Margin Account and Special Memorandum Account maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the Special Memorandum Account as required by Regulation T is available for your inspection at your request.

### Important Information About Auction Rate Securities

For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated by N/A (not available). There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

### Structured Investments Risks and Considerations

Structured Investments (Structured Products) are complex products and may be subject to special risks. Investors should consider the concentration risk of owning the related security and their total exposure to any underlying asset. Structured Investments, which may appear in various statement product categories and are identified on the Position Description Details line as "Asset Class: Struct Inv," may not perform in a manner consistent with the statement product category where they appear and therefore may not satisfy portfolio asset allocation needs for that category. For information on the risks and conflicts of interest related to Structured Investments generally, log in to Morgan Stanley Online and go to [www.morganstanley.com/structuredproductsrisksandconflicts](http://www.morganstanley.com/structuredproductsrisksandconflicts).

### Security Measures

This statement features several embedded security elements to safeguard its authenticity. One is a unique security mark—a blue rectangle printed in heat-sensitive ink on the back of every page. When

exposed to warmth, the blue rectangle will disappear, and then reappear.

### SIPC Protection

We are a member of Securities Investor Protection Corporation (SIPC), which protects securities of its customers up to \$500,000 (including \$250,000 for claims for cash). An explanatory brochure is available upon request or at [www.sipc.org](http://www.sipc.org). Losses due to market fluctuation are not protected by SIPC and assets not held with us may not be covered by SIPC protection. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit [www.sipc.org](http://www.sipc.org).

### Transaction Dates and Conditions

Upon written request, we will furnish the date and time of a transaction and the name of the other party to a transaction. We and/or our affiliates may accept benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

### Equity Research Ratings Definitions and Global Investment Manager Analysis Status

Some equity securities may have research ratings from Morgan Stanley & Co. LLC or Morningstar, Inc. Research ratings are the research providers' opinions and not representations or guarantees of performance. For more information about each research provider's rating system, see the Research Ratings on your most recent June or December statement (or your first statement if you have not received a statement for those months), go to [www.morganstanley.com/online](http://www.morganstanley.com/online) or refer to the research provider's research report. Research reports contain more complete information concerning the analyst's views and you should read the entire research report and not infer its contents from the rating alone. If your account contains an advisory component or is an advisory account, a GIMA status will apply.

**Credit Ratings from Moody's Investors Service and Standard & Poor's**  
The credit rating from Moody's Investors Service and Standard & Poor's may be shown for certain securities. All credit ratings represent the opinions of the provider and are not representations or guarantees of performance. Your Financial Advisor will be pleased to provide you with further information or assistance in interpreting these credit ratings.

Revised 08/2016





## Account Summary

Basic Securities Account  
136-022962-098

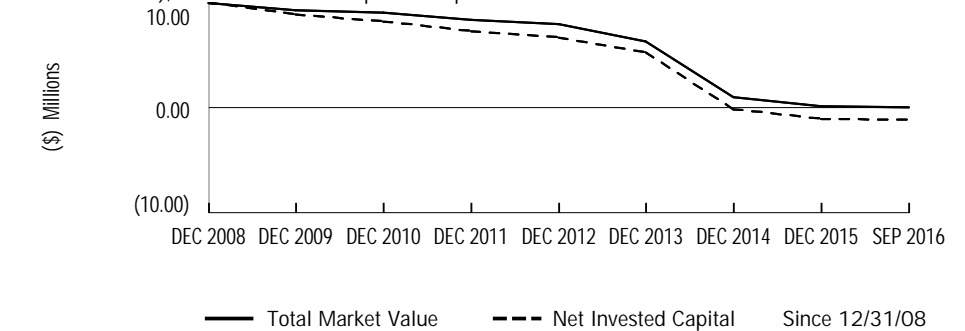
SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
<b>TOTAL BEGINNING VALUE</b>	<b>\$102,253.69</b>	<b>\$136,780.83</b>
Credits	—	—
Debits	(102,237.81)	(137,332.81)
Security Transfers	—	—
<b>Net Credits/Debits/Transfers</b>	<b>\$(102,237.81)</b>	<b>\$(137,332.81)</b>
<b>Change in Value</b>	<b>54.35</b>	<b>622.21</b>
<b>TOTAL ENDING VALUE</b>	<b>\$70.23</b>	<b>\$70.23</b>

### CHANGE IN VALUE OVER TIME

The display of market value (total account value) and net invested capital (total amount invested minus total withdrawn), demonstrates the impact of deposits and withdrawals.



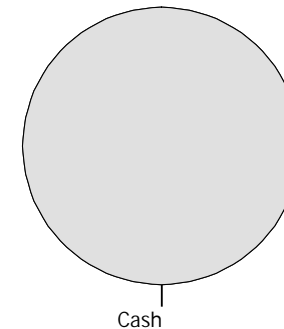
*This graph does not reflect corrections to Net Invested Capital or Market Value made subsequent to the dates depicted. It may exclude transactions in Annuities or positions where we are not the custodian, which could delay the reporting of Market Value or affect the Net Invested Capital.*

### ASSET ALLOCATION (includes accrued interest)

	Market Value	Percentage
Cash	\$70.23	100.00
<b>TOTAL VALUE</b>	<b>\$70.23</b>	<b>100.00%</b>

*FDIC rules apply and Bank Deposits are eligible for FDIC insurance but are not covered by SIPC. Cash and securities (including MMFs) are eligible for SIPC coverage. See Expanded Disclosures.*

*Values may include assets externally held, which are provided to you as a courtesy, and may not be covered by SIPC. For additional information, refer to the corresponding section of this statement.*



*This asset allocation represents holdings on a trade date basis, and projected settled Cash/BDP and MMF balances. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes.*

## Account Summary

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### BALANCE SHEET (^ includes accrued interest)

	Last Period (as of 8/31/16)	This Period (as of 9/30/16)
Cash, BDP, MMFs	\$2,033.84	\$70.23
Certificates of Deposit	100,219.85	—
<b>Total Assets</b>	<b>\$102,253.69</b>	<b>\$70.23</b>
<b>Total Liabilities</b> (outstanding balance)	—	—
<b>TOTAL VALUE</b>	<b>\$102,253.69</b>	<b>\$70.23</b>

### INCOME AND DISTRIBUTION SUMMARY

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
Interest	\$274.20	\$1,801.69
<b>Total Taxable Income And Distributions</b>	<b>\$274.20</b>	<b>\$1,801.69</b>
<b>Total Tax-Exempt Income</b>	—	—
<b>TOTAL INCOME AND DISTRIBUTIONS</b>	<b>\$274.20</b>	<b>\$1,801.69</b>

*Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.*

### CASH FLOW

	This Period (9/1/16-9/30/16)	This Year (1/1/16-9/30/16)
<b>OPENING CASH, BDP, MMFs</b>	<b>\$2,033.84</b>	<b>\$601.35</b>
Sales and Redemptions	100,000.00	135,000.00
Income and Distributions	274.20	1,801.69
<b>Total Investment Related Activity</b>	<b>\$100,274.20</b>	<b>\$136,801.69</b>
Electronic Transfers-Debits	(102,212.81)	(137,212.81)
Other Debits	(25.00)	(120.00)
<b>Total Cash Related Activity</b>	<b>\$(102,237.81)</b>	<b>\$(137,332.81)</b>
<b>CLOSING CASH, BDP, MMFs</b>	<b>\$70.23</b>	<b>\$70.23</b>

### GAIN/(LOSS) SUMMARY

	Realized This Period (9/1/16-9/30/16)	Realized This Year (1/1/16-9/30/16)	Unrealized Inception to Date (as of 9/30/16)
<b>TOTAL GAIN/(LOSS)</b>	—	—	—

*The Gain/(Loss) Summary, which may change due to basis adjustments, is provided for informational purposes and should not be used for tax preparation. Refer to Gain/(Loss) in the Expanded Disclosures.*



## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

Investment Objectives†: Capital Appreciation, Income, Aggressive Income, Speculation

Brokerage Account

† Inform us if your investment objectives, as defined in the Expanded Disclosures, change.

## HOLDINGS

This section reflects positions purchased/sold on a trade date basis. "Market Value" and "Unrealized Gain/(Loss)" may not reflect the value that could be obtained in the market. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated Annual Income a) is calculated on a pre-tax basis, b) does not include any reduction for applicable non-US withholding taxes, c) may include return of principal or capital gains which could overstate such estimates, and d) for securities that have a defined maturity date within the next 12 months, is reflected only through maturity date. Actual income or yield may be lower or higher than the estimates. Current yield reflects the income generated by an investment, and does not reflect changes in its price. Structured Investments, identified on the Position Description Details line as "Asset Class: Struct Inv," may appear in various statement product categories. When displayed, the accrued interest, annual income and current yield for those with a contingent income feature (e.g., Range Accrual Notes or Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant period and payment in full of all contingent interest. For Floating Rate Securities, the accrued interest, annual income and current yield are estimates based on the current floating coupon rate and may not reflect historic rates within the accrual period.

## CASH, BANK DEPOSIT PROGRAM AND MONEY MARKET FUNDS

Cash, Bank Deposit Program, and Money Market Funds are generally displayed on a settlement date basis. You have the right to instruct us to liquidate your bank deposit balance(s) or shares of any money market fund balance(s) at any time and have the proceeds of such liquidation remitted to you. Estimated Annual Income, Accrued Interest, and APY% will only be displayed for fully settled positions.

Description	Market Value	7-Day Current Yield %	Est Ann Income	APY %
MORGAN STANLEY BANK N.A. #	\$70.23	—	—	0.010

	Percentage of Holdings	Market Value	Est Ann Income
CASH, BDP, AND MMFs	100.00%	\$70.23	\$0.00

# Bank Deposits are held at Morgan Stanley Bank, N.A. and/or Morgan Stanley Private Bank, National Association, affiliates of Morgan Stanley Smith Barney LLC and each a national bank and FDIC member.

	Percentage of Holdings	Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income Accrued Interest	Current Yield %
TOTAL MARKET VALUE		\$0.00	\$70.23		\$0.00	—
TOTAL VALUE (includes accrued interest)	100.00%		\$70.23		\$0.00	

Unrealized Gain/(Loss) totals only reflect positions that have both cost basis and market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' or 'Pending Corporate Actions' are not included.

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## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### ALLOCATION OF ASSETS

	Cash	Equities	Fixed Income & Preferred Securities	Alternatives	Annuities & Insurance	Structured Investments	Other
Cash, BDP, MMFs	\$70.23	—	—	—	—	—	—
<b>TOTAL ALLOCATION OF ASSETS</b>	<b>\$70.23</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

### ACTIVITY

#### CASH FLOW ACTIVITY BY DATE

Activity Date	Settlement Date	Activity Type	Description	Comments	Quantity	Price	Credits/(Debits)
9/2		Interest Income	WORLD JUMBO CD 2000 16SP21	CUSIP: 981999U11			\$169.86
9/21		Interest Income-Adj	WORLD JUMBO CD 2000 16SP21	CUSIP: 981999U11			104.11
			ACCRUED BOND INTEREST				
9/21	9/21	Redemption	WORLD JUMBO CD 2000 16SP21	REDEMPTION OF MATURED BOND CUSIP: 981999U11	100,000.00	100.0000	100,000.00
9/29		Funds Transferred	WIRED FUNDS SENT	BENE: SAN LORENZO VALLEY WATER ACCT: XXXXXX1358			(102,212.81)
9/29		Service Fee	WIRED FUNDS FEE				(25.00)
9/30		Interest Income	MORGAN STANLEY BANK N.A. (Period 09/01-09/30)				0.23

**NET CREDITS/(DEBITS) \$ (1,963.61)**

#### MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY

Activity Date	Activity Type	Description	Credits/(Debits)
9/2	Automatic Investment	BANK DEPOSIT PROGRAM	\$169.86
9/21	Automatic Investment	BANK DEPOSIT PROGRAM	100,000.00
9/22	Automatic Investment	BANK DEPOSIT PROGRAM	104.11
9/29	Automatic Redemption	BANK DEPOSIT PROGRAM	(102,237.81)
9/30	Automatic Investment	BANK DEPOSIT PROGRAM	0.23

**NET ACTIVITY FOR PERIOD \$ (1,963.61)**

### REALIZED GAIN/(LOSS) DETAIL

#### LONG-TERM GAIN/(LOSS)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
WORLD JUMBO CD 2.000 9-21-16	09/13/11	09/21/16	100,000.000	\$100,000.00	\$100,000.00	\$0.00	
Long-Term This Period				\$100,000.00	\$100,000.00	\$0.00	



## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### LONG-TERM GAIN/(LOSS) (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
Long-Term Year to Date				\$135,000.00	\$135,000.00	\$0.00	
Net Realized Gain/(Loss) This Period				\$100,000.00	\$100,000.00	\$0.00	
Net Realized Gain/(Loss) Year to Date				\$135,000.00	\$135,000.00	\$0.00	

Treasury regulations require that we report on Form 1099-B a) adjusted cost basis on the sale of covered securities acquired on or after 1/1/11 (or the applicable date for the type of security), b) the gain or loss as either long-term or short-term, and c) basis adjustments on covered securities due to wash sales, certain corporate actions and transfers by gift or inheritance. This section may not reflect all the basis adjustments required when filing your tax return. Refer to the Expanded Disclosures.

## MESSAGES

### Update to Morgan Stanley's Independent Equity Research Provider

Effective August 2016, Morgan Stanley switched its independent third-party equity research provider from Standard & Poor's (S&P) to Morningstar, the largest independent research provider, whose core competence is to deliver analyst-driven research. This shift demonstrates Morgan Stanley's continued commitment to servicing our clients. Equity Research, content and ratings currently based on S&P will be replaced with Morningstar, while S&P Credit Ratings will continue to be displayed on your statements. Please contact your Financial Advisor or Private Wealth Advisor if you have any questions.

### Consolidated Statement of Financial Condition (In Millions of Dollars)

At June 30, 2016 Morgan Stanley Smith Barney LLC had net capital of \$3,751 which exceeded the Securities and Exchange Commission's minimum requirement by \$3,595. A copy of the Morgan Stanley Smith Barney LLC Consolidated Statement of Financial Condition at June 30, 2016 can be viewed online at:

[http://www.morganstanley.com/about-us-ir/shareholder/morganstanley\\_smithbarney\\_llc.pdf](http://www.morganstanley.com/about-us-ir/shareholder/morganstanley_smithbarney_llc.pdf) or may be mailed to you at no cost by calling 1 (866) 825-1675, after September 15, 2016.

### Sign up for eDelivery of your Account Documents Today

Secure, Convenient and Green. Go paperless and save more. Effective November 1, 2016, accounts not enrolled in eDelivery of all eligible account documents for all stand-alone accounts and all accounts within their Account Linked Group (ALG) may be subject to an annual account fee increase. Please refer to the FYI included with this statement to learn more.

Simply visit [www.morganstanley.com/edelivery](http://www.morganstanley.com/edelivery) to set your eDelivery preferences today. Please note, if you have not already done so, you will first need to register for Morgan Stanley Online prior to making your eDelivery selections.

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Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)

October 07, 2016

SAN LORENZO VALLEY WATER DISTRICT

DISTRICT MANAGER  
13060 HIGHWAY 9  
BOULDER CREEK, CA 95006

PMIA Average Monthly Yields

// Tran Type Definitions

September 2016 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	3,367.26
Total Withdrawal:	0.00	Ending Balance:	3,367.26

**G/L Balances**

Criteria: As Of = 9/30/2016; Fund = 76530, 35115, 76531

G/L Account	Title	Beginning Balance	Year-To-Date Debits	Year-To-Date Credits	End Balance
Fund 76530 -- SLV-LOMPICO WTR, EFF 6/2/16					
101	EQUITY IN POOLED CASH	217,734.66	1,990.05	0.00	219,724.71
102	IMPREST CASH	250.00	0.00	0.00	250.00
124	INVENTORIES	17,497.00	0.00	0.00	17,497.00
150	BOND ISSUANCE COST	2,125.00	0.00	0.00	2,125.00
161	LAND	34,820.00	0.00	0.00	34,820.00
162	STRUCTURES AND IMPROVEMENTS	3,658,470.00	0.00	0.00	3,658,470.00
163	ACCUM. DEPR - STRUCT & IMP	(2,579,523.00)	0.00	0.00	(2,579,523.00)
164	EQUIPMENT	75,283.00	0.00	0.00	75,283.00
208	COMPENSATED ABSENCES	(7,232.05)	0.00	0.00	(7,232.05)
232	BONDS OUTSTANDING	(361,000.00)	0.00	0.00	(361,000.00)
234	OTHER LONG-TERM LIABILITIES	(110,789.96)	0.00	0.00	(110,789.96)
240	STALE DATED WARRANTS LIABILITY	(1,337.20)	0.00	0.00	(1,337.20)
302	FUND BAL-NONSPENDABLE INVENTOR	(17,497.00)	0.00	0.00	(17,497.00)
341	FUND BAL-NONSPENDABLE	(250.00)	0.00	0.00	(250.00)
343	FUND BAL-ASSIGNED	(2,191.57)	0.00	0.00	(2,191.57)
344	FUND BALANCE	(139,298.88)	0.03	(1,990.08)	(141,288.93)
349	INVESTMENT IN PROPRIETARY FIXE	(787,060.00)	0.00	0.00	(787,060.00)
Total Fund 76530		<u>0.00</u>	<u>1,990.08</u>	<u>(1,990.08)</u>	<u>0.00</u>
Fund 76531 -- SLV-LOMPICO WATER-DWR RES					
101	EQUITY IN POOLED CASH	12,305.00	0.00	0.00	12,305.00
344	FUND BALANCE	(12,305.00)	0.00	0.00	(12,305.00)
Total Fund 76531		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>



**G/L Balances**

Criteria: As Of = 9/30/2016; Fund = 76644

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<u>G/L Account</u>	<u>Title</u>	<u>Beginning Balance</u>	<u>Year-To-Date Debits</u>	<u>Year-To-Date Credits</u>	<u>End Balance</u>
Fund 76644 -- SAN LORENZO VALLEY WATER TRUST					
101	EQUITY IN POOLED CASH	828,328.63	14,731.29	0.00	843,059.92
220	DEFERRED CREDITS	(500,000.00)	0.00	0.00	(500,000.00)
344	FUND BALANCE	(328,328.63)	0.26	(14,731.55)	(343,059.92)
Total Fund 76644		<u>0.00</u>	<u>14,731.55</u>	<u>(14,731.55)</u>	<u>0.00</u>