

# City of Lomita, CA

## Water Rate Study





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## Section 1 – Executive Summary

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The City of Lomita (City) provides utility service to approximately 4,500 customers. The City’s water enterprise fund is self-supporting and funds the operations and maintenance (O&M) associated with the utility, capital projects and repayment of any associated debt, and routine repair and replacement of aging system components for the water system. Water user rate revenue provides a stable secure revenue source for the utility, is the primary revenue source for operations and can only be used for the utility. Revenue from water user rates cannot be used for any other general or special purpose.

The main objective of this study was to develop a five-year financial plan to evaluate the current financial condition for the utility and ensure it is generating sufficient revenue over the five-year period to cover the costs of operations. The study also evaluated tiered rate options for water to address excess water use and encourage conservation. Finally, to the extent the utility was found not to be generating adequate revenue under current rates, the financial plan included recommended rate revenue adjustments to ensure continued revenue sufficiency and stability. These are discussed in further detail in the body of this report.

### 1.1 Study Overview

The City contracted with Willdan Financial Services (“Willdan”), to complete a water rate study comprised of the following objectives:

- **Five-Year Financial Plan:** Identify the revenues required by the utility to meet the respective annual costs of operation, maintenance, capital projects, debt repayment and accumulation and maintenance of appropriate reserves.
- **Rate Update:** Review and update the City’s existing water rates and comment on their adequacy to meet projected revenue requirements and the City’s objectives, as well as the requirements of Proposition 218 whereby the rates and charges are based upon the cost of providing service. In addition, revised tiered rate options were explored for the water utility, and are being recommended in order to encourage sensible water consumption by users, and help the City ensure they are able to meet established conservation objectives.



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## 1.2 Financial Plans

The five-year water financial plans were developed based on the City's projected revenues and expenditures, system growth and recent consumption trends. The projections reflect the best available information and assessments developed and refined through numerous meetings and teleconferences between Willdan and City staff. Upon completion of the financial plans, it was determined that projected revenues that would be generated for the water utility through anticipated system growth, existing user rates and projected system utilization alone will not be sufficient to meet anticipated system expenditures, and additional rate revenue increases will be required.

## 1.3 Cash Reserve Targets

Through the study process Willdan worked with City staff to identify and recommended financially prudent cash reserve targets to help ensure the continued financial viability of the water enterprise fund. The cash reserve targets include:

- **Operating Reserve:** Cash reserve equivalent to 90 days of annual operations and maintenance expenses.
- **Capital Reserve:** Maintain a capital fund balance of at least \$750,000.

## 1.4 User Rates

As suggested in section 1.2, rate revenue increases are projected for the water utility during the five-year study period in order to meet the City's obligations. The study also proposes refinements to the existing water user rates, including revised tiered rates to maintain compliance with Proposition 218. This is discussed in more detail in Section 4.2.2.

## 1.5 Findings and Recommendations

It is recommended that the City update the cashflow portion of this study each year to ensure that actual revenues and expenses for that year are tracking closely with projections developed for this study, and that revenue is sufficient to fund projected expenses going forward. This is important as actual operating results may differ from the projections, and assumptions made during this study may change and have a material impact on the analysis. As customer usage patterns change, or the composition of the City's customer base changes, the City should conduct an in-depth cost-of-service analysis to ensure appropriate



allocation of costs to customer classes. The adopted revenue increases, and rates are illustrated in Tables 1-1 through 1-2.

<b>Table 1-1</b> Rate Revenue Increases Fiscal Years Ending June 30	
<b>Description</b>	<b>Water Rate Revenue Increases</b>
2022-23	6.5%
2023-24	6.5%
2024-25	6.5%
2025-26	6.5%
2026-27	6.5%



**Table 1-2**  
**Water Rates**  
 Fiscal Years 2022-23 through FY 2026-2027

<b>Bi-Monthly Base Charge</b>						
<b>Meter Size</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
5/8-inch	\$50.31	\$53.81	\$57.31	\$61.03	\$65.00	\$69.23
3/4-inch	50.31	53.81	57.31	61.03	65.00	69.23
¾ x 1-inch	67.08	70.49	75.07	79.95	85.15	90.68
1-inch	83.85	87.33	93.01	99.05	105.49	112.35
1 ½-inch	167.71	170.38	181.45	193.24	205.81	219.18
2-inch	268.33	270.43	288.01	306.73	326.67	347.90
3-inch	503.13	537.58	572.52	609.73	649.37	691.57
4-inch	838.54	837.74	892.19	950.19	1,011.95	1,077.73
<b>Volume Rate (\$/CCF)</b>						
<b>Residential</b>						
<b>Usage Range</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
0-20 CCF	\$4.79	\$5.03	\$5.35	\$5.70	\$6.07	\$6.47
20-35 CCF	4.94	5.28	5.62	5.99	6.38	6.79
> 35 CCF	5.61	6.68	7.11	7.57	8.06	8.59
<b>Commercial</b>						
<b>Usage Range</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
>0 CCF	\$4.94	\$5.30	\$5.64	\$6.01	\$6.40	\$6.82
<b>Fire Bi-Monthly Base Charge</b>						
<b>Meter Size</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
4-inch	\$227.61	\$240.77	\$242.40	\$258.16	\$274.94	\$292.81
6-inch	455.22	477.76	484.81	516.32	549.88	585.63
8-inch	728.35	762.15	775.69	826.11	879.81	937.00
(1) Effective January 1						
(2) Effective July 1						



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## Section 2 - Introduction

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### 2.1 Introduction

Willdan Financial Services (“Willdan”) was retained by the City of Lomita, California (“City”) to conduct a Water Rate and Financial Study (“Rate Study”) for the City’s water utility (“Utility”). This report details the results of the Rate Study analysis for the forecast period, where estimated actuals for fiscal year (FY) 2021-22 and budget FY 2022-23 were used as the starting point for the forecast period FY 2022-23 through FY 2026-27, the results of which are presented in this Rate Study Report.

The results of the Rate Study presented herein are a financial plan and suggested rate adjustments designed to provide revenues sufficient to fund the ongoing operating, maintenance, and capital costs necessary to operate the City’s water utility, while striving to meet the financial requirements and goals set forth by the City’s for the water enterprise fund, including maintenance of adequate reserves and adhering to the requirements of Proposition 218.

Based on discussions with City staff, this report presents the recommended financial plan and adjustments to meet the City’s objectives.

### 2.2 Goals and Objectives

The primary goal of the Rate Study was to develop a financial plan for the utility that evaluates the adequacy of the current revenue streams to meet ongoing costs (operations & maintenance, debt service and capital), and to maintain industry standard financially prudent cash reserves. More specifically the Rate Study was undertaken to:

- Conduct the analysis in accordance with industry standards consistent with American Water Works (“AWWA”) guidelines and utilizing City specific revenue and expense, growth and customer billing data;
- Develop financial plans consistent with industry standards and best practices while recognizing the needs specific to the City; and
- Recommend rates that adhere to and meet Proposition 218 requirements, which requires a matching between the fees being assessed to customers and the cost they place on the systems.





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## 2.3 Overview of the Rate Study Process

The rate study process for the water utility consisted of two primary study components. First, a determination of the adequacy of system revenues to meet system expenses during the study forecast period must be made. The result of this analysis, known as the Revenue Sufficiency Analysis, is an assessment of the ability of the existing revenue stream to meet the projected financial requirements of each of the systems during the forecast period and, to the extent required, the identification of the magnitude and timing of any required rate adjustments.

## 2.4 Organization of this Report

This Rate Study presents an overview of the rate-making concepts employed in the development of the analysis contained here. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, appendices with detailed schedules are presented for further insight into the data, assumptions and calculations which drive the results presented in this Rate Study. The report is organized as follows:

- Section 1 – Executive Summary
- Section 2 – Introduction
- Section 3 – Overview of Utility Rate-Making Principles, Processes, and Issues
- Section 4 – Rate Study Development and Results
- Section 5 – Rate Design Analysis
- Section 6 – Conclusions and Recommendations
- Appendix A – Water System Financial Plan
- Appendix B – Water Cost-of-service Analysis and Rate Design

## 2.5. Reliance on Data

During this project the City (and/or its representatives) provided Willdan with a variety of financial and technical information, including system operating metrics, fund balances, budget data, historical operating results, capital project costs and demographic data. This data was used by Willdan in the process of developing the financial plans and recommended rate adjustments. Willdan did not independently assess or test for the accuracy of such data, historic or projected, but worked with City staff to better understand the data and its sources and believe it to be the best available information at the time of the study.



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## Section 3 – Overview of Financial Planning Principles, Processes, and Issues

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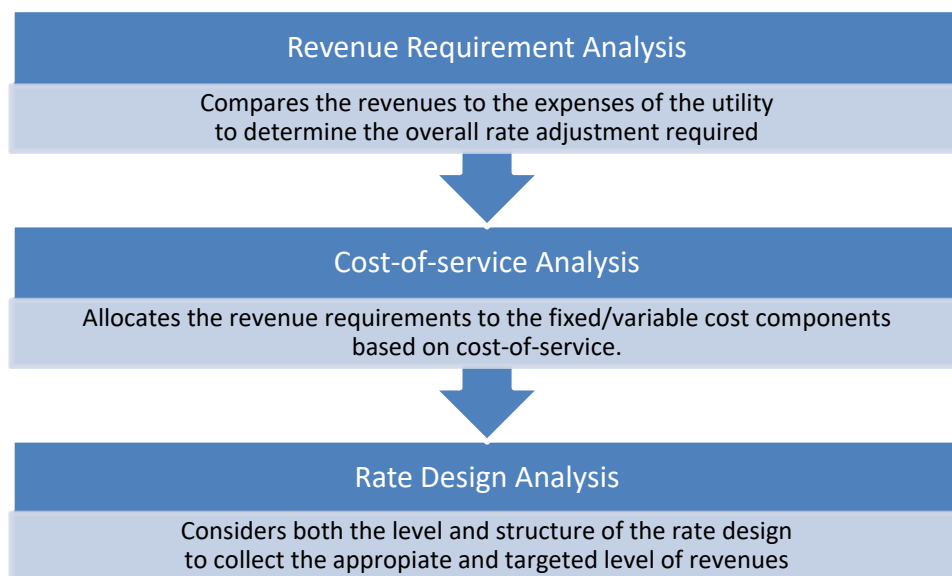
### 3.1 Introduction

The scope of the Rate Study entails the analysis for the forecast period, where estimated actuals for fiscal year (FY) 2021-22 and FY 2022-23 budget were used as the starting point for the forecast period FY 2022-23 through FY 2026-27, the results of which are presented in this Rate Study Report.

The scope of this study also included the development of cost-based water user charges through cost-of-service and rate design analysis using City specific expense and customer billing data and system flow and production data. Utility rates must be set at a level where operating, maintenance and capital expenses are met with the revenues received from customers; and that revenues generated from utility rates are used only for this purpose. In addition, the user rates for customers must be based upon their proportionate share of the costs of operating the systems. This is a significant point, as failure to achieve this level could lead to insufficient funds being available to adequately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Create a five-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of any outstanding debt. In addition, the long-term plan should fund and maintain appropriate reserve balances to adequate levels based on industry standards and the City of Lomita’s fiscal policies and specific needs.
- II. **Cost-of-Service Analysis:** Identifies and apportions annual revenue requirements to functional cost components in a manner that reflects the demands placed on the utility system based on City specific financial and system performance data. Based on this analysis, costs are then further allocated to classes of customers in a manner that results in a proportionate sharing of costs among customers who receive water service.
- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the City’s customer base. The policy objectives are harmonized with cost-of-service objectives to achieve the balance between customer equity and financial stability goals. The balance of fixed and variable charges ensures that the City has a stable revenue source (the

fixed charge) to cover fixed operating costs, while the variable component of the rate structure helps to ensure those customers who place higher demands and costs on the system (through higher water use, particularly during peak periods) incur a higher bill reflective of their system use.



This Rate Study utilized generally accepted rate-making principles and standards established by the industries governing bodies, American Water Works Association (AWWA) in its “M1 Principles of Water Rates Fees and Charges” manual. While generally accepted industry standards were used as the basis and approach of the cost-of-service and rate design, the analysis was completed using City specific system performance and production data, as well as cost and customer billing data. The principles used resulted in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the water utility, and 2) address the need to recover costs from users in a manner which is proportionate to the cost of providing service on a fair and equitable basis relative to the service provided, and which does not exceed the cost of providing the service. A discussion of some of the key principles of rate-making, and how the processes employed herein are guided by those principles, is presented below.

## 3.2 Discussion of General Financial Planning Principles

While the individual rates for the water utility vary based on a variety of factors, rates should be consistent with general rate-making principles set forth in utility rate-making practice and literature. The principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates designed should:



- 
- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
  - Be based upon the proportionate cost of providing the service and not exceed the cost of providing the service;
  - Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
  - Be easy to understand by customers; and
  - Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements and cost-of-service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which it operates. A review of the City’s existing rates and their adherence to these principles is discussed in Section 4.2.2 of this report.

### **3.3 The Revenue Sufficiency Process**

In order to evaluate whether existing rates and charges which will generate sufficient revenue to meet the fiscal requirements of the water utility, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency Analysis compares the forecasted revenues of the utility under its existing rates to its expenses associated with forecasted operations and maintenance, capital, debt and reserve costs to determine the adequacy of the existing rates to recover the utility’s projected costs.

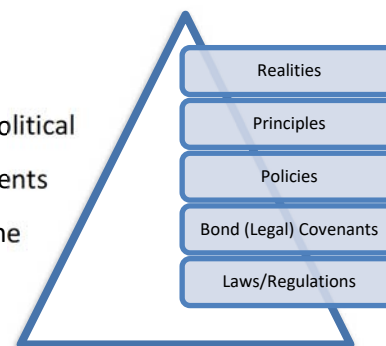
The process employed in the Revenue Sufficiency Analysis involves a rigorous review of operating, maintenance and capital budgets for the utility, and results in the identification of revenue requirements for the systems, such as operating expenses, capital expenses (minor and major), debt service expenses (including a provision for debt service coverage), transfers in and out, and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds available during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is projected to be insufficient to meet the annual revenue requirements of the system

during the projection period, a series of recommended rate revenue increases are calculated which if enacted, would provide revenue sufficient to meet those needs.

### 3.3.1 Determination of the Revenue Requirements

#### Considerations in Setting Revenue Requirements

There are a multitude of considerations, ranging from financial to policy, political and legal that must be analyzed or discussed during the revenue requirements process of a rate study. This section provides an overview of the considerations that are reviewed during this process.



#### Capital Budgeting and Financing

Capital needs are identified in the City’s Water Capital Improvement Plan, which is updated on an annual basis. As part of its budget and planning process, the City identifies capital improvements that are necessary for the continued delivery of clean, safe, drinking water. Furthermore, the most recent Capital Improvement Plan which was used for this analysis was informed by the recently completed Water Master Plan, which included recommended capital projects. The Capital Improvement Plan is funded by a variety of sources including, utility rates, capital reserves, debt, and grants.

#### Capital Funding: Debt vs. PAYGO

The selection of the appropriate funding strategy for capital projects is primarily a policy decision between use of cash (“Pay-as-you-go financing” or PAYGO), the issuance of debt, or a combination. PAYGO is the use or build-up of cash to fund capital improvements. With debt financing, capital improvements are funded with borrowed funds (usually through the issuance of bonds) with the obligation of repayment, typically with interest, in future years. Development of an optimal capital financial plan depends on the definition of optimal. Each funding mechanism has a different impact on water rates in the short and long run, different net present values, risks, and legal obligations. Due to the borrowing costs associated with debt, cash funding can be cheaper in the end (by not having to incur interest costs on borrowed money). However, debt typically ensures greater generational equity for larger and longer lasting capital projects (by contributing to annual debt payments, new customers who connect to the system help pay for the infrastructure that was installed prior to their arrival, but still benefits them). Also, using cash to fund capital projects typically causes a more significant immediate impact on customers due to the higher rates that are required to provide the funding.



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The City, as is typical for a public utility, operates its water utility on a “cash basis”. Under the “cash basis” approach, revenues and expenses are recognized at the time physical cash is received or paid out. Revenue requirements are determined for a specified period of time (in the case of the City an annual fiscal year), by summing the total anticipated expenses to be paid out during the fiscal year. Where cash flows and balances are insufficient, the revenue requirements analysis results in recommendations to ensure the needed additional cash flows are available to meet funding goals. The two primary categories of expenses are as follows:

- Operations and Maintenance (O&M) expenses, such as salaries and benefits of utility personnel, costs associated with plant and system operations and treatment (chemicals, power, etc.), transfers out, existing and anticipated debt service, and reserves; and
- Capital expenses, such as the annual capital improvement program, including (among others) scheduled annual waterline replacements, the Lomita Avenue pipeline replacement, the Narbonne Avenue pipeline replacement, and the Cypress Water Production Upgrade.

## **Financial Planning**

In the development of the revenue requirements, certain parameters are utilized to project future expenditures, growth in customers and consumption, and necessary revenue adjustments. The City’s budget documents are used as the baseline, which is then projected over a planning horizon to account for fluctuations in costs from year to year as well as any adjustments to debt service payments. Growth assumptions and prudent financial planning are fundamental in ensuring adequate rate revenue to promote financial stability. The financial model developed for this study considers the City’s existing and targeted debt service coverage ratios and operating cash balances (cash on hand). As existing debt is redeemed, additional debt may be utilized to fund additional capital improvements required due to aging infrastructure.

## **3.4 Financial Management Goals of the City**

The establishment of specific financial management goals of a utility is a key step in developing financial plans which will ensure the financial health of the utility remains strong. The financial management goals of the City are described below.



### 3.4.1 Cash Reserve Targets

In order to maintain financially stable and sustainable utilities, the City has identified cash reserve targets that it seeks to maintain. The reserve target policies are identified in Table 3-1, while Table 3-2 illustrates the actual targets.

Table 3-1 Reserve Targets		
Reserve	Purpose	Minimum Balance
Water Operating Reserves	Manage timing differences between revenue receipt and expense payments	90 days of O&M
Capital Fund Balance	Allows for funding of unexpected capital needs	\$750,000

Table 3-2 Operating Reserve Targets Fiscal Years Ending June 30 (\$ thousands)					
	22-23	23-24	24-25	25-26	26-27
Water Operating Reserves	\$853	1,352	2,375	3,192	1,754
Water Operating Target	1,529	1,588	1,598	1,648	1,701
Capital Reserves	\$1,919	3,302	1,488	750	763
Capital Reserves Target	750	750	750	750	750
Note: Values are rounded to the nearest \$1,000					

While it is not essential that the City meet the operating reserve on annual basis (it is not a legal requirement), prudent financial planning suggests that the City should strive to maintain the operating reserve and should not dip below the minimum balances on a continuous basis.

### 3.4.2 Debt Service Coverage

The City currently has outstanding water related debt, the 2021 Water Revenue Refunding Bonds, which includes a covenant requiring the City to maintain rates and charges such that a debt service coverage ratio, defined as Current Year Net Revenues divided by Maximum Annual Debt Service, be maintained at a minimum of 1.20. The coverage requirement of 1.20x is associated with all outstanding debt for each specific year the coverage is being calculated. The recommended revenue increases presented as part of this rate study result in the achievement of this goal in each year of the forecast period. While the operating reserve target identified in section 3.4.1 is a City policy, the debt service coverage requirement is a legal obligation that must be met on an annual basis.



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### 3.4.3 Financial Management Conclusions

The City's water utility should strive to satisfy both reserve fund targets set by policy, and debt service coverage (while only debt service coverage is a legal requirement), as each test provides a different but meaningful perspective on the utilities' revenue needs and overall financial viability. An appropriate level of revenue requirements may result in an overlapping of the tests such that each separate set of objectives are met. As an example, the need to maintain a 1.20x debt service coverage may generate a positive cashflow allowing for the funding of the identified cash reserve targets. Similarly, the need to meet and maintain the cash reserve targets may generate sufficient cashflow to meet the required debt service coverage ratio on an annual basis. The ability of the utility to satisfy both sets of requirements will reduce overall financial risk, increase stability, and help with a long-term strategy of utility financial planning.





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## Section 4 – Rate Study Development and Results

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### 4.1 Revenue Sufficiency Analysis

#### 4.1.1 General Methodology

In order to develop rates and charges which will generate sufficient revenue to meet the fiscal and policy objectives of the City, and the water utility, a determination of the annual required revenue from rates which, when combined with other sources of funds, will provide sufficient funds to meet those fiscal requirements must first be completed. This process is typically referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis resulted in the identification of revenue requirements of the water system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage, as applicable), transfers out and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet requirements. To the extent that the existing revenue streams are not sufficient to meet the annual revenue requirements of the systems, a series of rate revenue increases are calculated, which I implemented, would provide revenue sufficient to meet those needs.

#### 4.1.2 Data Items

Key data items reviewed, discussed, and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the City
- FY 2021-22 Beginning of Year Fund Balances
- FY 2021-22 Estimated Actual Revenues and Expenditures
- FY 2022-23 Adopted Budget
- Capital Improvement needs based on City's plans
- Outstanding Debt Service Schedules
- General assumptions related to:



- Customer growth
- Cost escalation factors

A discussion of the use of each of the above data items is presented below.

### 4.1.3 FY 2021-22 Beginning of Year Cash Balance

To better understand the available funds the City’s water utility had on hand to start the forecast period, a detailed review of cash balances as of the beginning of FY 2021-22 was conducted and discussed with City staff. A summary of the fund balances associated with the water utility enterprise fund for the beginning of FY 2022-23, as adjusted for use in this analysis, is presented in Table 4-2 below. As noted in the table, the balances include funds held in both the Water Operating Fund (fund 510) and the Capital Fund (fund 520).

<b>Table 4-2</b> Beginning Fund Balance Fiscal Year 2021-22	
<b>Description</b>	<b>Water</b>
Operating Cash Balance (Fund 510)	\$1,965,013
Capital Cash Balance (Fund 520)	1,635,464

### 4.1.4 FY 2021-22 Estimated Actuals and FY 2022-23 Budget

Staff provided Willdan with the FY 2021-22 estimated actual revenues and expenditures as well as the FY 2022-23 Adopted Budget, and associated line-item detail. The FY 2022-23 budget served as the basis for the financial projections for the forecast period. The line-item projected expenses for FY 2022-23 were used as the basis for the projection of future budgetary line-items for the remainder of the forecast period.

Cost escalation factors were reviewed by staff and were used to project increases in line-item costs beyond the FY 2020-21 budget. These factors were applied based on line-item cost classifications.

A summary of the FY 2022-23 budget, and subsequent projected budgetary expenses is presented below in Table 4-3. A more detailed presentation of the line-item budgeted and projected revenues and expenses is presented in Schedules A-4 through A-11, in the Appendix.



<b>Table 4-3</b>					
Operating Budget					
Fiscal Years Ending June 30 (\$ thousands)					
<b>Description</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
O&M	\$6,201	\$6,440	\$6,479	\$6,685	\$6,897
Debt Service and Loans	466	462	464	464	464
Capital Projects from CIP	<u>6,898</u>	<u>1,791</u>	<u>4,984</u>	<u>2,539</u>	<u>4,495</u>
<b>Total Expenses</b>	<b>\$13,565</b>	<b>\$8,693</b>	<b>\$11,927</b>	<b>\$9,688</b>	<b>\$11,856</b>

### 4.1.5 Capital Improvements Plan (CIP)

The City provided Willdan with a forecast of capital requirements for the study period. The CIP the City provided was in current day dollars and has been escalated for future years using an inflationary rate of 2.79% (based on the 5-year ENR construction cost index compound annual average). The CIP inflated for FY 2022-23 through FY 2026-27; totals \$20.7 million. The CIP is presented in detail in Schedules A-7 in the Appendix.

### 4.1.6 Outstanding Debt

The City, like many utilities, has utilized long-term debt to fund capital assets in the past. The City has outstanding water, with no new debt anticipated during the study period.

### 4.1.7 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made with regard to elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

#### 4.1.7.1. Customers & Billable Flows

The rate study performed herein is heavily reliant upon a detailed analysis of the system customers and accompanying usage characteristics. The existing utility customer base and metered/billable flows provide the determinants utilized in calculating the monthly user rates and charges, which become the foundation for projecting future revenues generated by the water and wastewater systems.

It is important to note that the customer and flow analysis focuses primarily on the customer classifications that will be impacted by the user rates and charges to be developed in the Report. This consists of the general service (retail) customers that currently pay for utility services pursuant to the existing user rates and charges as previously detailed. For the purpose of the rate study, it is these



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customers and their accompanying flows that will generate revenues based upon the adopted user rates and charges.

#### **4.1.7.2. Customer Billing Analysis**

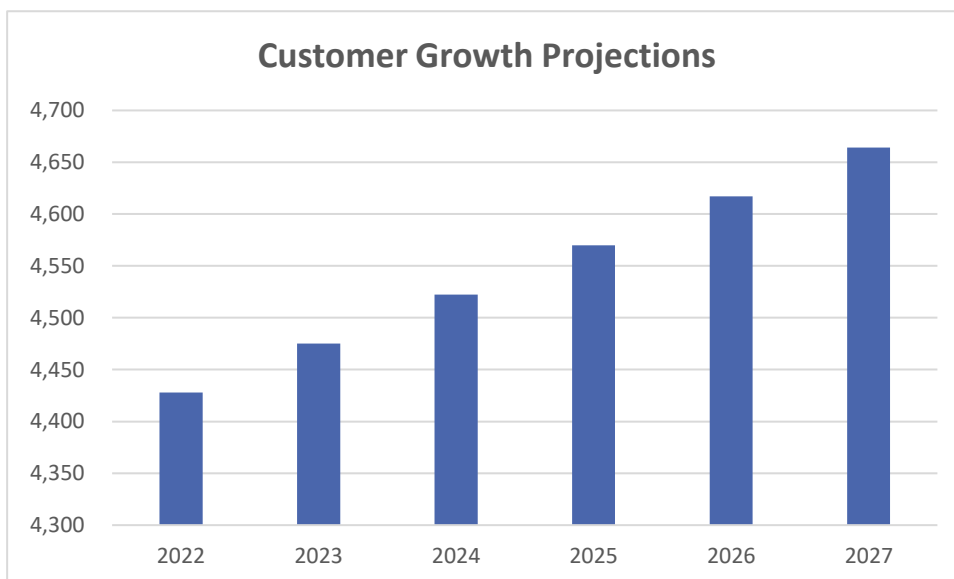
For the purpose of the rate study, detailed information was provided for each individual customer for a 12-consecutive month period from July 2019 through June 2020. This data offered a breakdown of the water customer by class, billed flows and billed charges. The historical billing data was queried from the City's electronic billing records for the time period described. An analysis of the billing data was conducted in order to obtain an understanding of the existing customers, customer classes, and metered usage per customer class. In addition, the historical billing data provides a basis to estimate future customer growth trends within each class. In accordance with the data, as well as discussions with the City staff, the utility system provides service to various identifiable retail customer classes consisting of:

- Residential,
- Commercial, and
- Fire.

Each of these customer classes embodies certain common characteristics in their utility use and service demand profiles that provide the basis for establishing an equitable allocation of system costs. The billing data was utilized to identify the number of customer accounts within each class, based on meter size, and the metered/billable usage profiles.

#### **4.1.7.3. Customer Accounts**

A customer account is representative of a single physical connection to the water sewer system regardless of the size of the meter, the number of dwelling units or the amount of flow. The historical customer data was utilized to establish growth trends for each customer classification. The growth trends were then used to project the average number of accounts/users within each class for the Test Year plus the remaining years of the Projection Period. The existing and projected average customer accounts are summarized in Figure 1.



**Figure 1 – Customer Growth Projections**

#### 4.1.7.4. O&M Escalation Factors

Willdan worked with City Staff to identify reasonable cost escalation factors to be applied to operations and maintenance expenses in recognition of increasing costs over time. It was determined that a 3.5% inflationary factor for personnel related costs and a 3.0% for all other costs, represent a reasonable estimate of annual cost increases during the study period.

#### 4.1.7.5. Debt Service Coverage

The City’s bond covenants require a 1.20x debt service coverage on outstanding water debt. Our analysis shows that the water utility revenues are sufficient to meet or exceed the 1.20x target for the FY 2022-23 through FY 2026-27 period on existing debt. The debt service coverage ratios are summarized in Table 4-4 below.

Table 4-4 Debt Service Coverage by Fiscal Year					
Target	22-23	23-24	24-25	25-26	26-27
1.20	3.13	4.15	5.27	6.16	7.16

#### 4.1.7.6. Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, a draft of the Revenue Sufficiency Analysis was developed and reviewed with City Staff. This draft provided the forum in which various



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alternative assumptions were discussed, tested and evaluated for both their reasonableness and their impact upon the ultimate financial health of the utilities. In some cases, inputs or assumptions were modified based on these discussions. In particular, the capital improvement plan was updated to spread certain projects out over a longer period, to better match the availability of funds and the ability of the City to undertake these projects.

The resulting financial plan presented herein is the embodiment of the data, assumptions and review process undertaken with City staff through the course of several meetings. Table 4-5 provides a summary of the annual revenue requirements (O&M, debt service and CIP) for the water utility incorporating the assumptions in Section 4.1.7 of this report as compared to the revenues under existing rates and system growth.



**Table 4-5**  
**Revenue Requirements vs. Revenue Under Existing Rates**  
**Fiscal Years Ending June 30 (\$ thousands)**

	22-23	23-24	24-25	25-26	26-27
<b>Operations (Fund 510)</b>					
Beginning Cash Balance	\$1,792	\$574	\$201	(\$143)	(\$1,235)
Cash Inflows					
Revenue Under Existing Rates	6,435	6,503	6,572	6,640	6,709
Other Cash Inflows	<u>49</u>	<u>64</u>	<u>64</u>	<u>52</u>	<u>49</u>
Total Cash Inflows	6,483	6,567	6,635	6,693	6,758
Cash Outflows					
Annual O&M Expense	6,201	6,440	6,479	6,685	6,897
Transfers Out to Fund 520	<u>1,500</u>	<u>500</u>	<u>500</u>	<u>1,100</u>	<u>3,800</u>
Total Cash Outflows	<u>7,701</u>	<u>6,940</u>	<u>6,979</u>	<u>7,785</u>	<u>10,697</u>
Net Cashflow	(1,218)	(373)	(344)	(1,092)	(3,939)
<b>Ending Cash Balance</b>	<b>\$574</b>	<b>\$201</b>	<b>(\$143)</b>	<b>(\$1,235)</b>	<b>(\$5,174)</b>
Target Cash Balance	1,529	1,588	1,598	1,648	1,701
<b>Capital (Fund 520)</b>					
Beginning Cash Balance	\$2,548	\$1,919	\$3,301	\$1,488	\$749
Cash Inflows					
Revenue (Waterworks # 13 Anney)	900	920	920	940	961
Other Cash Inflows	2,605	2,215	2,215	224	211
Transfers In From Fund 510	1,500	500	500	1,100	3,800
Grants	<u>1,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Inflows	6,735	3,635	3,635	2,264	4,972
Cash Outflows					
CIP	6,898	1,791	4,984	2,539	4,495
Debt Service	<u>466</u>	<u>462</u>	<u>464</u>	<u>464</u>	<u>464</u>
Total Cash Outflows	<u>7,364</u>	<u>2,253</u>	<u>5,448</u>	<u>3,003</u>	<u>4,959</u>
Net Cashflow	(629)	1,382	(1,813)	(739)	13
<b>Ending Cash Balance</b>	<b>\$1,919</b>	<b>\$3,301</b>	<b>\$1,488</b>	<b>\$749</b>	<b>\$762</b>
Target Cash Balance	750	750	750	750	750
Debt Service Coverage (Target 1.20)	2.54	2.26	2.32	2.04	1.77
Note: Values are rounded to the nearest \$1,000					

The revenues and expenditures identified in Table 4-5 represent revenues under existing rates and system growth and operating expenditures under the given assumptions. As noted in the table, water revenues increasing due to just system growth alone will not be sufficient to meet ongoing expenses. Revenues are projected to increase by 1.04% per year due to new connections, while O&M expenses are projected to increase by an average of 3% a year.



#### 4.1.7.7. Rate Revenue Increases Required

Our analysis of the water utility indicates that assuming all capital expenditures occur as projected, there will not be sufficient operating revenue to fund ongoing operations and maintenance, routine repair and replacement of aging system components, planned capital improvements, and debt service throughout the study period. In part this is because anticipated growth is projected to be less than the expected cost increases associated with operating expenses. Therefore, we recommend increases each year for the utility in order to maintain pace with increasing operating costs, fund capital needs and pay annual debt service.

Table 4-6 below reflects our projections of revenue increases required during the forecast period in order for the City to meet its ongoing operational costs.

<b>Table 4-6</b> Rate Revenue Increases Fiscal Years Ending June 30	
<b>Description</b>	<b>Water Rate Revenue Increases</b>
2022-23	6.5%
2023-24	6.5%
2024-25	6.5%
2025-26	6.5%
2026-27	6.5%

A more detailed presentation of the pro forma, including a fund balance reconciliation is presented in Schedules A-1 of the appendix.

#### 4.1.7.8. Summary of Revenue Sufficiency Analysis

The resulting financial plans, including recommended revenue adjustments are presented in Table 4-7 and provide for funding of projected revenue requirements during the forecast period.





**Table 4-7**  
**Revenue Requirements vs. Revenue Under Adopted Rates**  
**Fiscal Years Ending June 30 (\$ thousands)**

	22-23	23-24	24-25	25-26	26-27
<b>Operations (Fund 510)</b>					
Beginning Cash Balance	\$1,792	\$853	\$1,353	\$2,376	\$3,194
Cash Inflows					
Revenue Under Adopted Rates	6,713	7,376	7,938	8,543	9,192
Other Cash Inflows	<u>49</u>	<u>64</u>	<u>64</u>	<u>60</u>	<u>67</u>
Total Cash Inflows	6,762	7,440	8,002	8,603	9,259
Cash Outflows					
Annual O&M Expense	6,201	6,440	6,479	6,685	6,897
Transfers Out to Fund 520	<u>1,500</u>	<u>500</u>	<u>500</u>	<u>1,100</u>	<u>3,800</u>
Total Cash Outflows	<u>7,701</u>	<u>6,940</u>	<u>6,979</u>	<u>7,785</u>	<u>10,697</u>
Net Cashflow	(939)	500	1,023	818	(1,438)
<b>Ending Cash Balance</b>	<b>\$853</b>	<b>\$1,353</b>	<b>\$2,376</b>	<b>\$3,194</b>	<b>\$1,756</b>
Target Cash Balance	1,529	1,588	1,598	1,648	1,701
<b>Capital (Fund 520)</b>					
Beginning Cash Balance	\$2,548	\$1,919	\$3,301	\$1,488	\$749
Cash Inflows					
Revenue (Waterworks # 13 Anney)	900	920	920	940	961
Other Cash Inflows	2,605	2,215	2,215	224	211
Transfers In From Fund 510	1,500	500	500	1,100	3,800
Grants	<u>1,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Inflows	6,735	3,635	3,635	2,264	4,972
Cash Outflows					
CIP	6,898	1,791	4,984	2,539	4,495
Debt Service	<u>466</u>	<u>462</u>	<u>464</u>	<u>464</u>	<u>464</u>
Total Cash Outflows	<u>7,364</u>	<u>2,253</u>	<u>5,448</u>	<u>3,003</u>	<u>4,959</u>
Net Cashflow	(629)	1,382	(1,813)	(739)	13
<b>Ending Cash Balance</b>	<b>\$1,919</b>	<b>\$3,301</b>	<b>\$1,488</b>	<b>\$749</b>	<b>\$762</b>
Target Cash Balance	750	750	750	750	750
Debt Service Coverage (Target 1.20)	3.13	4.15	5.27	6.16	7.16
Note: Values are rounded to the nearest \$1,000					

#### 4.1.7.9. Revenue Sufficiency Analysis Conclusions

Based on the revenue requirements identified in our analysis, it is our opinion that:

- Revenue projections for the water utility based on existing rates are insufficient to meet the revenue requirements for FY 2022-23 through FY 2026-27;



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- Rate revenue adjustments are needed in order to keep pace with increasing O&M and capital costs; and
  - The adopted rate revenue increases identified in Table 4-6, are needed to ensure debt service coverage and operating reserve targets are met based upon the assumptions contained in this report.

## 4.2 Cost-of-Service

### 4.2.1 General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges was completed as described below.

First, the rate design goals of the City were reviewed to identify areas the City wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the City with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. In addition to the City's goals, rate design should seek to achieve the following industry standard objectives:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility;
- Be compliant with California State law, specifically Proposition 218, whereby the rates must be based upon the proportionate cost of providing water and sewer service.

### 4.2.2 Peaking Factors

The system-wide peaking factors are used to derive the cost component allocation bases for Base (Delivery), Max Day, and Max Hour costs. Base represents average daily demand during the year, which has been normalized to a factor of 1.00. Based on data provided by City staff, the average water demand was 6.29 million gallons per day (MGD) and the Max Day water demand was 10.38 MGD. The Max Day



peaking factor shows that the system-wide Max Day demand is 1.65 (10.38 Max Day MGD divided by 6.29 Base Delivery) times greater than the average daily demand. The Max Hour peaking factor assumes that the system-wide Max Hour demand is 2.80 (17.61 Max Hour MGD divided by 6.29 Base Delivery) times greater than average demand based on common industry standards. The system-wide peaking factors are shown in Table 4-8.

The Max Day allocations are calculated as follows:

$$\text{Base Delivery: } 6.29 / 10.38 \times 100\% = 60.61\%$$

$$\text{Max Day: } (10.38 - 6.29) / 10.38 \times 100\% = 39.39\%$$

The Max Hour allocations are calculated as follows:

$$\text{Base Delivery: } 6.29 / 17.61 \times 100\% = 35.71\%$$

$$\text{Max Day: } (10.38 - 6.29) / 17.61 \times 100\% = 23.21\%$$

$$\text{Max Hour: } (17.61 - 10.38) / 17.61 \times 100\% = 41.07\%$$

**Table 4-8**  
Peaking Factors System Wide

Description	Demand (MGD)	Factor	Base	Max Day	Max Hour	Total
Avg Day	6.29	1.00	100.00%	0.00%	0.00%	100.00%
Max Day	10.38	1.65	60.61%	39.39%	0.00%	100.00%
Max Hour	17.61	2.80	35.71%	23.21%	41.07%	100.00%

Max Day Customer specific peaking factors are then developed, based on the maximum monthly usage divided by average monthly usage for each customer class and tier. The maximum month peaking factor is used as a proxy for the class and tier-specific Max Day peaking factors. The max day peaking factors are summarized in Table 4-9.

Table 4-9 Max Day peaking Factors		
Description	Max Day Peaking Factor	Max Hour Peaking Factor
Residential		
Tier 1	1.35	2.29
Tier 2	1.66	2.81
Tier 3	3.35	5.69
Commercial	1.68	2.85
Fire	N/A	N/A

### 4.2.3 Cost-of-Service Analysis

The City’s current water rates are comprised of two components, first a bi-monthly base charge which varies by meter size; and second, a volume rate per 100 cubic feet (CCF) of all water use. The volume component of the rate structure is stratified into a three-tiered rate structure for residential customers and a uniform rate structure for commercial customers.

In order to provide guidance for the Water Utility as to how to adequately recover the rate revenue requirements identified in the Revenue Sufficiency Analysis, in a manner consistent with generally accepted rate-making principles using City specific system cost and customer billing data, a Cost-of-Service Analysis was conducted.

The Cost-of-Service Analysis resulted in the identification of the cost to provide service to City customers based on functional cost categories. This provided the rationale for the allocation of costs to expense categories related to water service. These water cost allocations were then used as the basis for the assignment of revenue requirements to customer classes upon which the development of rates and charges presented herein is based.

For the purposes of this analysis, the cost-of-service analysis for water was based on the Base-Extra Capacity methodology, as detailed in the American Water Works Association (AWWA) M1 Manual – Principles of Water Rates, Fees and Charges while incorporating City specific system performance and production data and cost and customer billing data.

The general approach to the development of cost-of-service allocations under the Base-Extra Capacity Cost Allocation methodology is to: 1) identify the City’s costs by functional cost category, 2) allocate the



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functionalized costs further to base-extra capacity categories and then to 3) allocate the City's costs and rate revenue requirements to the City's customer classes based on the distribution of costs and customer characteristics. The Cost-of-Service Analysis and Results is presented below.

#### **4.2.3.1. Functional Unbundling of Revenue Requirements**

The water system costs are unbundled into operating components consisting of Supply/Treatment, Transmission, Distribution, Customer, and Administration functions. These are the primary services provided by most water utility systems to its customers. A brief description of each component is as follows:

- **Supply/Treatment** – the costs associated with obtaining and converting raw water to potable water;
- **Transmission** – the costs associated with major pumping and large diameter line facilities that transmit potable water throughout the system at-large;
- **Distribution** – the costs associated with smaller diameter lines that carry water to individual customer properties;
- **Customer** – the costs associated with metering, billing and providing other services to customers (e.g. printing, delivering and collecting utility bills, recordkeeping, etc.);
- **Administration** – various overhead and other non-operating costs.

#### **4.2.3.2. Allocation to Functional Cost Categories**

Water costs are allocated to functional cost categories (as discussed in Section 4.2.3.1) based on their need to meet base demand, peak demand (max day and max hour water needs), as well as customer service costs such as billing and collection.

The City's functionalized costs were then further allocated based on the Base-extra Capacity Method, as presented in the AWWA M1 Manual of Practice. The Base-Extra Capacity method results in the allocation of functionalized costs in a manner consistent with the functional reality behind each type of cost. For instance, transmission costs are related to not only a base, or average, level of water flow, but are also related to the fact that transmission assets are typically sized to meet maximum day and maximum hour demands. Therefore, some portion of transmission costs should be allocated to the base component, and further to the extra capacity component (max day and max hour).



As previously addressed, the functionally unbundled water system revenue requirements are then classified using the base-extra capacity cost allocation method. Applying this methodology, costs are classified into the following categories:

- **Base Costs** – capital costs and O&M expenses associated with service to customers under average demand conditions. This category does not include any costs attributable to variations in water use resulting from peaks in demand. Base costs tend to vary directly with the total quantity of water used.
- **Maximum Day/Extra Capacity Costs** – costs attributable to facilities that are designed to meet peaking requirements. These costs include capital and operating costs for additional plant and system capacity beyond that required for average usage. For the purposes of this analysis, the max/extra capacity costs are further separated into systemwide facilities and distribution facilities.
- **Customer Costs** – costs associated with any aspect of customer service including billing, accounting, recordkeeping and meter services. These costs are independent of the amount of water used and the size of the customer’s meter and are not subject to peaking factors.

The units of service for each component of cost by customer class and tier (if applicable) are provided in Table 4-10. The units of service consist of accounts, annual flows in CCF and Max Day and Max Hour extra capacity. Accounts are based on the number of customers as provided in the customer data. Base is the total annual usage projected for the test year based on historical customer data. Max Day and Max Hour are the extra capacity demand results as previously developed in Table 4-9.

<b>Table 4-10</b>				
<b>Units of Service</b>				
<b>Functional Cost</b>	<b>Accounts</b>	<b>Base (CCF)</b>	<b>Max Day (CCF/Day)</b>	<b>Max Hour (CCF/Day)</b>
Residential	4,015			
Tier 1		181,323	174	467
Tier 2		159,470	288	505
Tier 3		327,146	2,109	2,095
Commercial	374	116,092	216	373
Fire	39	-	-	-

The revenue requirement for each cost component is divided by its respective unit of service to calculate a unit cost. The unit cost for each cost component is demonstrated in Table 4-11.



**Table 4-11**  
 Water System - Summary of Functional Allocations to Cost Categories  
 Fiscal Year 2022-23

Functional Cost	Base	Max Day	Max Hour	Fire	Meters & Services	Billing & Collection	Total
Treatment	\$952,037	\$1,235,235	\$1,524,463	\$0	\$0	\$0	\$3,711,735
Transmission & Distribution	612,725	794,989	981,134	-	-	-	2,388,849
Customer Service	-	-	-	-	-	100,552	100,552
CIP	3,690,407	689,796	689,796	103,469	1,724,489	-	6,897,958
Existing Debt Service	-	116,210	116,210	-	232,419	-	464,838
Non-Operating Revenue/Changes in Reserves <sup>(1)</sup>	<u>(1,757,138)</u>	<u>(2,279,825)</u>	<u>(2,813,641)</u>	-	-	-	<u>(6,850,604)</u>
<b>Total</b>	\$3,498,032	\$556,405	\$497,961	\$103,469	\$1,956,908	\$100,552	\$6,713,328
Units (CCF/Equiv. Meters/Bills)	<u>784,031.29</u>	<u>2,787.00</u>	<u>3,439.56</u>	<u>437</u>	<u>39,117</u>	<u>26,569</u>	
Cost per Unit	\$4.4616	\$199.6433	\$144.7746	\$236.9889	\$50.0274	\$3.7846	

(1) A positive value results in an increase of reserves through rates, while a negative value indicates use of non-operating revenue and existing reserves to meet annual expenses in addition to rates.

Table 4-11 illustrates the allocation of costs to functional components necessary to provide water service to customers. Total costs are allocated to functional categories such as treatment or transmission and distribution and then to cost categories such as base or max day.

The allocation of the revenue requirement to each customer class and tier is based on the unit costs for each component multiplied by the units of service for each customer class and tier. For example, the Base unit cost is multiplied by the base flow amounts for each customer class and tier to generate the allocated revenue requirement. The total costs to be recovered from each customer class by rate component are shown in 4-12.



**Table 4-12**  
**Cost of Service by Customer Class and Cost Component**  
**Fiscal Year 2022-23**

Rate Class	Accounts	Base	Max Day	Max Hour	Fire	Total
Residential	\$1,765,481					\$1,765,481
Tier 1		808,989	34,674	67,651	-	911,314
Tier 2		711,493	57,427	73,110	-	842,031
Tier 3		1,459,595	421,086	303,264	-	2,183,945
Commercial	291,090	517,955	43,217	53,936	-	906,198
Fire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>104,359</u>	<u>104,359</u>
<b>Total</b>	<b>\$2,056,571</b>	<b>\$3,498,032</b>	<b>\$556,405</b>	<b>\$497,961</b>	<b>\$104,359</b>	<b>\$6,713,328</b>

#### 4.2.2.1. Summary of Cost-of-Service Analysis

The water Cost-of-Service Analysis presented herein sets forth how to appropriately recover the rate revenue requirements for FY 2022-23 and subsequent years. The allocations presented herein were used, along with the other goals and objectives of the utility, in the development of the water rates and charges presented in the next section.





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## Section 5 – Rate Design Analysis

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### 5.1 General Methodology

#### 5.1.1. Rate Design by Unit Cost

The unit costs developed in the previous section are used to design the adopted rates for the Test Year. The fixed rate components are based on accounts, and the allocated customer-related costs. The volumetric rate component is based on the annual usage and extra capacity requirements (Max Day and Max Hour).

The first component of the fixed charge is the meter charge and is applied by meter size. It is common practice in the utility industry to establish a rate structure that includes an incremented service availability charge (monthly meter charge) such that customers placing a greater potential demand requirement on the system (those with larger meters) will pay proportionately more for the service availability component. The methodology for incrementing the availability charge is based upon standardized meter/capacity criteria established by the AWWA relative to the size of the water meter. The AWWA equivalent meter capacity criteria are commonly used to establish a standard unit of measure for customers referred to as an Equivalent Residential Unit, or ERU for short. Based upon the established standards, an ERU is equal to one single-family residential connection with a 5/8-inch water meter. The applicable factors for larger water meters are based upon the incremental increase in potential capacity of those meters as compared to the 5/8-inch base meter size. These factors are derived from actual flow testing results as performed and defined by the AWWA, and commonly utilized by the water utility industry. In fact, many state public service commissions have adopted the AWWA meter equivalency basis as the required structure for rate-making by the private utility systems within their regulatory jurisdiction. The AWWA equivalency factors can be applied to the minimum charge for a 5/8-inch meter to calculate the applicable minimum charges for each meter size.

The second component of the fixed charge is the customer charge. Unlike meter-related costs, customer costs do not vary with meter size. Therefore, the monthly customer unit cost is applied equally to each account. The two fixed charge components are added together to develop the total adopted monthly service charge for each respective meter size. The adopted bi-monthly service charges for the Test Year are shown in Table 5-1.

<b>Table 5-1</b>				
<b>Bi-Monthly Base Charge Calculation</b>				
<b>Meter Size</b>	<b>Capacity Ratio</b>	<b>Meter Charge</b>	<b>Customer Charge</b>	<b>Adopted Charge</b>
<b>General Service</b>				
5/8-inch	1.00	\$50.03	\$3.78	\$53.81
3/4-inch	1.00	50.03	3.78	53.81
¾ x 1-inch	1.33	66.70	3.78	70.49
1-inch	1.67	83.55	3.78	87.33
1 ½-inch	3.33	166.59	3.78	170.38
2-inch	5.33	266.65	3.78	270.43
3-inch	10.67	533.79	3.78	537.58
4-inch	16.67	833.96	3.78	837.74
<b>Fire Service</b>				
4-inch	1.00	236.99	3.78	240.77
6-inch	2.00	473.98	3.78	477.76
8-inch	3.20	758.36	3.78	762.15

## 5.1.2 Analysis and Development of Water Flow Charges

### Use of Peaking Factors to Demonstrate Cost Differentials for Tiered Water Rates

The water volumetric rates are made up of two different cost components. The first cost component is for base usage. The second cost component represents peaking costs (the combination of Max Day and Max Hour cost components). The base unit cost is \$4.46 per CCF as previously identified in Table 4-11. The Max Day and Max Hour peaking costs for each customer class and tier (from Table 4-12) are added together and then divided by annual use within each tier. The peaking unit costs are shown in Table 5-2.

<b>Table 5-2</b> Peaking Unit Cost Calculation			
<b>Rate Class</b>	<b>Annual Use (CCF)</b>	<b>Peaking Costs</b>	<b>Peaking Unit Cost</b>
Residential			
Tier 1	181,323	\$102,325	\$0.56
Tier 2	159,470	130,538	0.82
Tier 3	327,146	724,350	2.21
Commercial	<u>116,092</u>	<u>97,153</u>	<u>0.84</u>
Total	784,031	\$1,054,366	

The peaking unit costs are then added to the base unit cost to come up with the adopted volumetric rates for each customer class and tier. The adopted volumetric rates are shown in Table 5-3. The adopted rates are discussed in Section 5.2.

<b>Table 5-3</b> Volumetric Rate Calculation			
<b>Rate Class</b>	<b>Base</b>	<b>Peaking</b>	<b>Adopted Rate (\$/CCF)</b>
Residential			
Tier 1	\$4.46	\$0.56	\$5.03
Tier 2	4.46	0.82	5.28
Tier 3	4.46	2.21	6.68
Commercial	4.46	0.84	5.30

## 5.2 Adopted Water Rate Structure

The adopted rate structure maintains the prior three-tiered rate structure providing an allocation for domestic (indoor water use) in tier 1 (0 – 2,000 cubic feet bi-monthly), an allocation for irrigation/outdoor water usage in tiers 2 (between 2,200 and 3,500 cubic feet bi-monthly) and 3 (use over 3,500 cubic feet bi-monthly). Commercial customers will continue to be assessed water use at a uniform rate, but the rates have been adjusted to meet cost-of-service allocations. Table 5-4 illustrates the adopted water rates through FY 2026-27.



<b>Table 5-4</b>						
<b>Adopted Water Rates</b>						
<b>Fiscal Years 2022-23 through FY 206-27</b>						
<b>Bi-Monthly Base Charge</b>						
<b>Meter Size</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
5/8-inch	\$50.31	\$53.81	\$57.31	\$61.03	\$65.00	\$69.23
3/4-inch	50.31	53.81	57.31	61.03	65.00	69.23
¾ x 1-inch	67.08	70.49	75.07	79.95	85.15	90.68
1-inch	83.85	87.33	93.01	99.05	105.49	112.35
1 ½-inch	167.71	170.38	181.45	193.24	205.81	219.18
2-inch	268.33	270.43	288.01	306.73	326.67	347.90
3-inch	503.13	537.58	572.52	609.73	649.37	691.57
4-inch	838.54	837.74	892.19	950.19	1,011.95	1,077.73
<b>Volume Rate (\$/CCF)</b>						
<b>Residential</b>						
<b>Usage Range</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
0-20 CCF	\$4.79	\$5.03	\$5.35	\$5.70	\$6.07	\$6.47
20-35 CCF	4.94	5.28	5.62	5.99	6.38	6.79
> 35 CCF	5.61	6.68	7.11	7.57	8.06	8.59
<b>Commercial</b>						
<b>Usage Range</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
>0 CCF	\$4.94	\$5.30	\$5.64	\$6.01	\$6.40	\$6.82
<b>Fire Bi-Monthly Base Charge</b>						
<b>Meter Size</b>	<b>Existing</b>	<b>22-23 <sup>(1)</sup></b>	<b>23-24 <sup>(2)</sup></b>	<b>24-25 <sup>(2)</sup></b>	<b>25-26 <sup>(2)</sup></b>	<b>26-27 <sup>(2)</sup></b>
4-inch	\$227.61	\$240.77	\$242.40	\$258.16	\$274.94	\$292.81
6-inch	455.22	477.76	484.81	516.32	549.88	585.63
8-inch	728.35	762.15	775.69	826.11	879.81	937.00
(1) Effective January 1						
(2) Effective July 1						

The bi-monthly base charge is assessed to all customers regardless of class or volume of water used and acts to ensure safe and reliable water systems such that customers can be assured of ongoing system maintenance and available water when the service is needed.

The adopted fixed charges increase by meter size based on the ratio of flow capacities by meter size as identified by AWWA. It should be noted that a 2-inch meter has the ability to provide more water per minute (greater capacity) than a 5/8-inch meter and the cost-of-service analysis calculated a higher rate for a 2-inch meter compared to a 5/8-inch meter. The volumetric portion of a residential customer’s bill will continue to be applied on a 3-tier basis, while commercial customers will maintain the existing



uniform rate structure. Private fire line customers will continue to be billed based on a bi-monthly base charge basis.

In addition to reviewing the effect that a change in the rates will have on the system revenues, it is also important for utility management to understand the impact that a change will have on the existing customers. Table 5-5 provides a comparison of several typical bi-monthly bills at various flow levels of water usage under the existing and adopted rates.

<b>Table 5-5 Residential Bi-Monthly Bill Impact</b>				
<b>Description</b>	<b>Monthly Flow</b>	<b>Existing Charge</b>	<b>Adopted Charge</b>	<b>\$ Amount Difference</b>
5/8 or 3/4 Inch Meter	0	\$50.31	\$53.81	\$3.50
5/8 or 3/4 Inch Meter	200	59.89	63.86	3.97
5/8 or 3/4 Inch Meter	400	68.47	73.92	4.45
5/8 or 3/4 Inch Meter	600	79.05	83.97	4.92
5/8 or 3/4 Inch Meter	800	88.63	94.02	5.39
5/8 or 3/4 Inch Meter	1,000	98.21	104.07	5.86
5/8 or 3/4 Inch Meter	1,200	107.79	114.12	6.33
5/8 or 3/4 Inch Meter	1,400	117.37	124.17	6.80
5/8 or 3/4 Inch Meter	1,600	126.95	134.23	7.28
5/8 or 3/4 Inch Meter	1,800	136.53	144.28	7.75
5/8 or 3/4 Inch Meter	2,000	146.11	154.33	8.22
5/8 or 3/4 Inch Meter	2,500	170.81	180.73	9.92
5/8 or 3/4 Inch Meter	3,000	195.51	207.13	11.62
5/8 or 3/4 Inch Meter	3,500	220.21	233.53	13.32
5/8 or 3/4 Inch Meter	4,000	248.26	266.91	18.65

The full water cost-of-service analysis can be found in Appendix B.



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## Section 6 – Conclusions and Recommendations

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### 6.1 Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, City staff and are based upon reasonable projections;
- The projected capital project expenses have been developed by City staff, to address anticipated water system needs;
- Based on the prior two conclusions, we are of the opinion that the financial projections presented herein address the water utility's' goals to meet its ongoing obligations with regard to:
  - Operating and maintenance expenses, including repair and replacement of aging system components and repayment of debt;
  - Non-operating expenses;
  - Capital project expenses, and
  - Provision for key financial policies, including:
    - Maintenance of at least 90 days of operating reserve balances and \$750,000 reserves for the capital fund;
    - Legal debt service coverage of at least 1.20.
- The adopted rates presented herein are in conformance with industry standard rate-making practices using City specific performance and financial data, Proposition 218 and/or the City's rate policies with respect to:
  - The fair and equitable recovery of costs through water rates;
  - Water rates based upon the proportionate cost of providing services, and
  - Generation of sufficient revenue to recover system revenue requirements and reserve requirements.

### 6.2 Recommendations

- It is recommended that the City implement the rates and charges presented in this Report for FY 2022-23, beginning with the first adjustment January 1, 2022, followed by annual adjustments each July 1, with the final adjustment occurring on July 1, 2026.
- It is recommended that the City update the revenue sufficiency analysis portion of this study each year to ensure projected revenue continues to be sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.



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- It is recommended that the City update the cost-of-service analysis portion of this study every three to five years to ensure costs are recovered consistent with cost-of-service principles and customer characteristics.

# APPENDIX A

## Water Financial Plan



LOMITA, CA  
 Water Rate Study  
 PROJECTED OPERATING RESULTS - FUND 510

Line	Description	Budget 2022	Fiscal Year Ending June 30,									
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUES</b>												
<u>Operating Revenues</u>												
1	Water Sales	\$ 6,200,000	\$ 6,713,328	\$ 7,375,992	\$ 7,938,311	\$ 8,542,567	\$ 9,191,837	\$ 9,889,420	\$ 10,588,906	\$ 11,015,877	\$ 11,346,353	\$ 11,686,744
<u>Other Operating Revenues</u>												
2	Miscellaneous Revenues	\$ 25,000	\$ 38,500	\$ 48,500	\$ 48,500	\$ 48,663	\$ 48,836	\$ 49,020	\$ 49,216	\$ 49,409	\$ 49,511	\$ 49,616
3	Transfers In	0	0	0	0	0	0	0	0	0	0	0
<u>Other Non-Operating Revenues</u>												
4	Interest	60,000	10,000	15,000	15,000	11,023	18,632	27,833	24,731	18,292	26,894	38,035
5	<b>Total Revenues</b>	<b>\$ 6,285,000</b>	<b>\$ 6,761,828</b>	<b>\$ 7,439,492</b>	<b>\$ 8,001,811</b>	<b>\$ 8,602,253</b>	<b>\$ 9,259,305</b>	<b>\$ 9,966,273</b>	<b>\$ 10,662,853</b>	<b>\$ 11,083,578</b>	<b>\$ 11,422,758</b>	<b>\$ 11,774,395</b>
<u>Current Expenses</u>												
6	Department 110 - City Council	\$ 2,668	\$ 3,001	\$ 3,003	\$ 3,016	\$ 3,122	\$ 3,231	\$ 3,344	\$ 3,461	\$ 3,582	\$ 3,707	\$ 3,837
7	Department 120 - City Attorney	43,000	20,000	20,000	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597
8	Department 125 - City Manager	138,098	152,966	156,535	159,665	165,206	170,940	176,872	183,011	189,364	195,937	202,738
9	Department 130 - City Clerk	56,178	57,153	59,577	60,769	62,879	65,062	67,321	69,659	72,078	74,581	77,171
10	Department 220 - Administrative Services	480,700	491,120	504,679	512,416	529,583	547,328	565,670	584,630	604,229	624,487	645,428
11	Department 230 - Human Resources	192,405	208,726	222,708	226,654	234,481	242,578	250,955	259,623	268,590	277,867	287,465
12	Department 330 - Public Safety	-	-	-	-	-	-	-	-	-	-	-
13	Department 420 - Neighborhood Preservation	-	-	-	-	-	-	-	-	-	-	-
14	Department 440 - Information Technology	83,549	83,551	83,553	83,553	86,060	88,642	91,301	94,040	96,861	99,767	102,760
15	Department 630 - Water Maintenance	4,961,274	5,184,619	5,390,427	5,412,955	5,582,880	5,758,168	5,938,986	6,125,512	6,317,926	6,516,414	6,721,172
16	Department 910 - Non-Departmental	-	-	-	-	-	-	-	-	-	-	-
17	<b>Total Current Expenses</b>	<b>\$ 5,957,872</b>	<b>\$ 6,201,136</b>	<b>\$ 6,440,482</b>	<b>\$ 6,479,028</b>	<b>\$ 6,684,810</b>	<b>\$ 6,897,166</b>	<b>\$ 7,116,306</b>	<b>\$ 7,342,447</b>	<b>\$ 7,575,815</b>	<b>\$ 7,816,642</b>	<b>\$ 8,065,169</b>
18	<b>Net Income</b>	<b>\$ 327,128</b>	<b>\$ 560,692</b>	<b>\$ 999,010</b>	<b>\$ 1,522,783</b>	<b>\$ 1,917,443</b>	<b>\$ 2,362,139</b>	<b>\$ 2,849,968</b>	<b>\$ 3,320,406</b>	<b>\$ 3,507,763</b>	<b>\$ 3,606,116</b>	<b>\$ 3,709,225</b>
<u>Other Cash Inflows/(Outflows)</u>												
19	Transfers Out to Fund 520	(500,000)	(1,500,000)	(500,000)	(500,000)	(1,100,000)	(3,800,000)	(2,700,000)	(1,750,000)	(2,850,000)	(1,850,000)	(7,550,000)
20	<b>Net Results</b>	<b>\$ (172,872)</b>	<b>\$ (939,308)</b>	<b>\$ 499,010</b>	<b>\$ 1,022,783</b>	<b>\$ 817,443</b>	<b>\$ (1,437,861)</b>	<b>\$ 149,968</b>	<b>\$ 1,570,406</b>	<b>\$ 657,763</b>	<b>\$ 1,756,116</b>	<b>\$ (3,840,775)</b>
<b>RESERVE FUND BALANCE ACTIVITY</b>												
<u>Projected Operating Results - Fund 510</u>												
22	Beginning Fund Balance	\$ 1,965,013	\$ 1,792,141	\$ 852,833	\$ 1,351,843	\$ 2,374,626	\$ 3,192,069	\$ 1,754,209	\$ 1,904,176	\$ 3,474,583	\$ 4,132,346	\$ 5,888,462
23	Deposit/(Withdrawal) from Operations	(172,872)	(939,308)	499,010	1,022,783	817,443	(1,437,861)	149,968	1,570,406	657,763	1,756,116	(3,840,775)
24	<b>Ending Fund Balance</b>	<b>\$ 1,792,141</b>	<b>\$ 852,833</b>	<b>\$ 1,351,843</b>	<b>\$ 2,374,626</b>	<b>\$ 3,192,069</b>	<b>\$ 1,754,209</b>	<b>\$ 1,904,176</b>	<b>\$ 3,474,583</b>	<b>\$ 4,132,346</b>	<b>\$ 5,888,462</b>	<b>\$ 2,047,687</b>
25	<b>Targeted Fund Balance</b>	<b>\$ 1,469,064</b>	<b>\$ 1,529,047</b>	<b>\$ 1,588,064</b>	<b>\$ 1,597,569</b>	<b>\$ 1,648,309</b>	<b>\$ 1,700,671</b>	<b>\$ 1,754,705</b>	<b>\$ 1,810,466</b>	<b>\$ 1,868,009</b>	<b>\$ 1,927,391</b>	<b>\$ 1,988,672</b>
26	<b>Variance</b>	<b>\$ 323,077</b>	<b>\$ (676,214)</b>	<b>\$ (236,221)</b>	<b>\$ 777,057</b>	<b>\$ 1,543,760</b>	<b>\$ 53,538</b>	<b>\$ 149,471</b>	<b>\$ 1,664,117</b>	<b>\$ 2,264,337</b>	<b>\$ 3,961,071</b>	<b>\$ 59,015</b>
27	Days Cash on Hand	110	50	77	134	174	93	98	173	199	275	93
28	Targeted Days Cash on Hand	90	90	90	90	90	90	90	90	90	90	90

LOMITA, CA  
 Water Rate Study  
 PROJECTED OPERATING RESULTS - FUND 520

Line	Description	Budget 2022	Fiscal Year Ending June 30,									
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUES</b>												
<b>Operating Revenues</b>												
1	Waterworks # 13 Anney	\$ 830,000	\$ 900,000	\$ 920,000	\$ 920,000	\$ 940,444	\$ 961,343	\$ 982,706	\$ 1,004,544	\$ 1,026,867	\$ 1,049,686	\$ 1,073,012
<b>Other Operating Revenues</b>												
2	Miscellaneous Revenues	\$ 1,567,916	\$ 2,589,916	\$ 2,200,000	\$ 2,200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
3	Transfers In	500,000	1,500,000	500,000	500,000	1,100,000	3,800,000	2,700,000	1,750,000	2,850,000	1,850,000	7,550,000
<b>Other Non-Operating Revenues</b>												
4	Interest	15,000	15,000	15,000	15,000	23,951	11,190	7,564	7,591	7,503	7,492	7,492
5	<b>Total Revenues</b>	<b>\$ 2,912,916</b>	<b>\$ 5,004,916</b>	<b>\$ 3,635,000</b>	<b>\$ 3,635,000</b>	<b>\$ 2,264,395</b>	<b>\$ 4,972,533</b>	<b>\$ 3,890,270</b>	<b>\$ 2,962,135</b>	<b>\$ 4,084,370</b>	<b>\$ 3,107,178</b>	<b>\$ 8,830,504</b>
<b>DEBT SERVICE</b>												
<b>Parity Indebtedness</b>												
6	2016 Water Revenue Refunding Bonds	\$ 464,838	\$ 466,063	\$ 461,962	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 464,917	\$ 464,917	\$ -
7	<b>Total Parity Indebtedness</b>	<b>\$ 464,838</b>	<b>\$ 466,063</b>	<b>\$ 461,962</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 464,917</b>	<b>\$ 464,917</b>	<b>\$ -</b>
8	<b>Net Operations</b>	<b>\$ 2,448,078</b>	<b>\$ 4,538,853</b>	<b>\$ 3,173,038</b>	<b>\$ 3,171,125</b>	<b>\$ 1,800,520</b>	<b>\$ 4,508,658</b>	<b>\$ 3,426,395</b>	<b>\$ 2,498,260</b>	<b>\$ 3,619,453</b>	<b>\$ 2,642,261</b>	<b>\$ 8,830,504</b>
<b>Other Cash Inflows/(Outflows)</b>												
9	ARPA Funds	1,269,512	1,730,488	-	-	-	-	-	-	-	-	-
10	Grant Funds	-	-	-	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-	-	-	-
<b>RESERVE FUND BALANCE ACTIVITY</b>												
12	Beginning Fund Balance	\$ 1,635,464	\$ 2,548,054	\$ 1,919,437	\$ 3,301,728	\$ 1,488,385	\$ 749,625	\$ 763,210	\$ 754,936	\$ 745,712	\$ 752,674	\$ 745,808
13	Deposit/(Withdrawal) from Operations	3,717,590	6,269,341	3,173,038	3,171,125	1,800,520	4,508,658	3,426,395	2,498,260	3,619,453	2,642,261	8,830,504
14	Capital Projects From Capital Improvement Plan	(2,805,000)	(6,897,958)	(1,790,747)	(4,984,469)	(2,539,279)	(4,495,073)	(3,434,669)	(2,507,484)	(3,612,491)	(2,649,126)	(8,809,565)
15	<b>Ending Fund Balance</b>	<b>\$ 2,548,054</b>	<b>\$ 1,919,437</b>	<b>\$ 3,301,728</b>	<b>\$ 1,488,385</b>	<b>\$ 749,625</b>	<b>\$ 763,210</b>	<b>\$ 754,936</b>	<b>\$ 745,712</b>	<b>\$ 752,674</b>	<b>\$ 745,808</b>	<b>\$ 766,748</b>
16	<b>Targeted Fund Balance</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>
17	<b>Variance</b>	<b>\$ 1,798,054</b>	<b>\$ 1,169,437</b>	<b>\$ 2,551,728</b>	<b>\$ 738,385</b>	<b>\$ (375)</b>	<b>\$ 13,210</b>	<b>\$ 4,936</b>	<b>\$ (4,288)</b>	<b>\$ 2,674</b>	<b>\$ (4,192)</b>	<b>\$ 16,748</b>

Line No	Description	Beginning Balances FY 2021-22	
		Fund 510	Fund 520
<b><u>Current Assets:</u></b>			
1	Cash and investments	\$ 1,965,013	\$ 1,635,464
2	Accounts Receivable	-	-
3	Deferred Outflows - Pensions	-	-
4	Intergovernmental Receivable	-	-
	Interest Receivable	-	-
<b>5</b>	<b>Total Current Assets</b>	<b>\$ 1,965,013</b>	<b>\$ 1,635,464</b>
<b><u>Current Liabilities (payalbe from current assets):</u></b>			
6	Accounts Payable	\$ -	\$ -
7	Compensated Absences - Current	-	-
8	Compensated Absences - Long Term	-	-
9	Accrued Expenses -Payroll	-	-
10	Unapplied Credits	-	-
	Compensated Absences	-	-
	Other Post Employment Benefits	-	-
<b>11</b>	<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Adjustments:</u></b>			
	Less:		
12	Per City Staff	\$ -	\$ -
13	Prepaid items	-	-
	0		
<b>14</b>	<b>Net Adjustments</b>	<b>\$ -</b>	<b>\$ -</b>
<b>15</b>	<b>Net Beginning Balances (Current Assets less Current Liabilities - including Adjustments)</b>	<b>\$ 1,965,013</b>	<b>\$ 1,635,464</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUES</b>													
4435	Fees for Service	OTHER	\$ 500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
4440	Late Fees	OTHER	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
4525	Interest - Fund 510	INTEREST	\$ 60,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 11,023	\$ 18,632	\$ 27,833	\$ 24,731	\$ 18,292	\$ 26,894	\$ 38,035
4715	Connection Fees	OTHER	\$ 2,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
4716	Fire Flow Fees	OTHER	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
4720	<b>Water Billing Fees</b>	SALES	\$ 6,200,000	\$ 6,713,328	\$ 7,375,992	\$ 7,938,311	\$ 8,542,567	\$ 9,191,837	\$ 9,889,420	\$ 10,588,906	\$ 11,015,877	\$ 11,346,353	\$ 11,686,744
4905	Miscellaneous Revenues	OTHER	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,663	\$ 2,836	\$ 3,020	\$ 3,216	\$ 3,409	\$ 3,511	\$ 3,616
4957	Transfer from Water Capital	OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4110	Waterworks #13 Anney	OTHER	\$ 830,000	\$ 900,000	\$ 920,000	\$ 920,000	\$ 940,444	\$ 961,343	\$ 982,706	\$ 1,004,544	\$ 1,026,867	\$ 1,049,686	\$ 1,073,012
4485	Water Facilities	OTHER	\$ 68,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
4525	Interest - Fund 520	OTHER	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 23,951	\$ 11,190	\$ 7,564	\$ 7,591	\$ 7,503	\$ 7,492	\$ 7,492
4607	Grant Revenues	OTHER	\$ 1,499,916	\$ 2,489,916	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4955	Transfer from Water Operations	OTHER	\$ 500,000	\$ 1,500,000	\$ 500,000	\$ 500,000	\$ 1,100,000	\$ 3,800,000	\$ 2,700,000	\$ 1,750,000	\$ 2,850,000	\$ 1,850,000	\$ 7,550,000
	<b>TOTAL REVENUES</b>		<b>\$ 9,197,916</b>	<b>\$ 11,766,744</b>	<b>\$ 11,074,492</b>	<b>\$ 11,636,811</b>	<b>\$ 10,866,648</b>	<b>\$ 14,231,838</b>	<b>\$ 13,856,544</b>	<b>\$ 13,624,988</b>	<b>\$ 15,167,948</b>	<b>\$ 14,529,936</b>	<b>\$ 20,604,899</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>OPERATING EXPENSES</b>													
	Department 110 - City Council	City Council	\$ 2,668	\$ 3,001	\$ 3,003	\$ 3,016	\$ 3,122	\$ 3,231	\$ 3,344	\$ 3,461	\$ 3,582	\$ 3,707	\$ 3,837
	Department 120 - City Attorney	Attorney	\$ 43,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597
	Department 125 - City Manager	Manager	\$ 138,098	\$ 152,966	\$ 156,535	\$ 159,665	\$ 165,206	\$ 170,940	\$ 176,872	\$ 183,011	\$ 189,364	\$ 195,937	\$ 202,738
	Department 130 - City Clerk	Clerk	\$ 56,178	\$ 57,153	\$ 59,577	\$ 60,769	\$ 62,879	\$ 65,062	\$ 67,321	\$ 69,659	\$ 72,078	\$ 74,581	\$ 77,171
	Department 220 - Administrative Services	Finance	\$ 480,700	\$ 491,120	\$ 504,679	\$ 512,416	\$ 529,583	\$ 547,328	\$ 565,670	\$ 584,630	\$ 604,229	\$ 624,487	\$ 645,428
	Department 230 - Human Resources	Human Resources	\$ 192,405	\$ 208,726	\$ 222,708	\$ 226,654	\$ 234,481	\$ 242,578	\$ 250,955	\$ 259,623	\$ 268,590	\$ 277,867	\$ 287,465
	Department 330 - Public Safety	Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Department 420 - Neighborhood Preservation	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Department 440 - Information Technology	IT	\$ 83,549	\$ 83,551	\$ 83,553	\$ 83,553	\$ 86,060	\$ 88,642	\$ 91,301	\$ 94,040	\$ 96,861	\$ 99,767	\$ 102,760
	Department 630 - Water Maintenance	Maintenance	\$ 4,961,274	\$ 5,184,619	\$ 5,390,427	\$ 5,412,955	\$ 5,582,880	\$ 5,758,168	\$ 5,938,986	\$ 6,125,512	\$ 6,317,926	\$ 6,516,414	\$ 6,721,172
	Department 990 - Transfers to Other Fund	Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 5,957,872</b>	<b>\$ 6,201,136</b>	<b>\$ 6,440,482</b>	<b>\$ 6,479,028</b>	<b>\$ 6,684,810</b>	<b>\$ 6,897,166</b>	<b>\$ 7,116,306</b>	<b>\$ 7,342,447</b>	<b>\$ 7,575,815</b>	<b>\$ 7,816,642</b>	<b>\$ 8,065,169</b>
<b>CAPITAL OUTLAY</b>													
	Department 990 - Transfers to Other Fund	Transfers	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>TOTAL CAPITAL OUTLAY</b>		<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DEBT SERVICE</b>													
	Existing Debt	WATER	\$ 463,288	\$ 464,838	\$ 466,063	\$ 461,962	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 464,917	\$ 464,917
	New Debt	WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>TOTAL DEBT SERVICE</b>		<b>\$ 463,288</b>	<b>\$ 464,838</b>	<b>\$ 466,063</b>	<b>\$ 461,962</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 464,917</b>	<b>\$ 464,917</b>
<b>TRANSFERS/CONTINGENCIES</b>													
	Transfer Out	WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Transfer In	WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>TOTAL TRANSFERS/CONTINGENCIES</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>DEPARTMENT 110 - CITY COUNCIL</b>													
110-5105	Regular Salary and Wages	City Council	\$ 2,340	\$ 2,340	\$ 2,340	\$ 2,340	\$ 2,422	\$ 2,507	\$ 2,594	\$ 2,685	\$ 2,779	\$ 2,876	\$ 2,977
110-5205	Health Insurance	City Council	\$ -	\$ 202	\$ 202	\$ 206	\$ 213	\$ 221	\$ 228	\$ 236	\$ 245	\$ 253	\$ 262
110-5207	Medicare	City Council	\$ 35	\$ 35	\$ 35	\$ 36	\$ 37	\$ 39	\$ 40	\$ 41	\$ 43	\$ 44	\$ 46
110-5210	Worker's Compensation	City Council	\$ 68	\$ 55	\$ 55	\$ 56	\$ 58	\$ 60	\$ 62	\$ 64	\$ 67	\$ 69	\$ 71
110-5217	PERS Tier 3 (2%@62)	City Council	\$ -	\$ 175	\$ 176	\$ 180	\$ 186	\$ 193	\$ 200	\$ 207	\$ 214	\$ 221	\$ 229
110-5224	PERS Tier 3 Unfunded Liability	City Council	\$ -	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 4	\$ 4	\$ 4
110-5460	Insurance Liability and Vehicle	City Council	\$ 225	\$ 192	\$ 192	\$ 195	\$ 202	\$ 209	\$ 216	\$ 224	\$ 232	\$ 240	\$ 248
<b>Total Department 110 - City Council</b>			<b>\$ 2,668</b>	<b>\$ 3,001</b>	<b>\$ 3,003</b>	<b>\$ 3,016</b>	<b>\$ 3,122</b>	<b>\$ 3,231</b>	<b>\$ 3,344</b>	<b>\$ 3,461</b>	<b>\$ 3,582</b>	<b>\$ 3,707</b>	<b>\$ 3,837</b>
<b>DEPARTMENT 120 - CITY ATTORNEY</b>													
120-5305	Legal Services	Attorney	\$ 43,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597
<b>Total Department 120 - City Attorney</b>			<b>\$ 43,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,600</b>	<b>\$ 21,218</b>	<b>\$ 21,855</b>	<b>\$ 22,510</b>	<b>\$ 23,185</b>	<b>\$ 23,881</b>	<b>\$ 24,597</b>
<b>DEPARTMENT 125 - CITY MANAGER</b>													
125-5105	Regular Salaries	Manager	\$ 97,766	\$ 110,407	\$ 112,772	\$ 115,027	\$ 119,053	\$ 123,220	\$ 127,532	\$ 131,996	\$ 136,616	\$ 141,398	\$ 146,346
125-5205	Health Insurance	Manager	\$ 11,660	\$ 12,140	\$ 12,464	\$ 12,713	\$ 13,158	\$ 13,618	\$ 14,095	\$ 14,588	\$ 15,099	\$ 15,628	\$ 16,174
125-5207	Medicare	Manager	\$ 1,466	\$ 1,656	\$ 1,692	\$ 1,726	\$ 1,786	\$ 1,849	\$ 1,914	\$ 1,981	\$ 2,050	\$ 2,122	\$ 2,196
125-5210	Worker's Compensation	Manager	\$ 2,826	\$ 2,572	\$ 2,634	\$ 2,687	\$ 2,781	\$ 2,878	\$ 2,979	\$ 3,083	\$ 3,191	\$ 3,303	\$ 3,419
125-5215	PERS Tier 1 (2.5%@55)	Manager	\$ 5,240	\$ 5,385	\$ 5,645	\$ 5,758	\$ 5,960	\$ 6,168	\$ 6,384	\$ 6,607	\$ 6,839	\$ 7,078	\$ 7,326
125-5216	PERS Tier 2 (2%@60)	Manager	\$ 4,109	\$ 5,081	\$ 5,063	\$ 5,164	\$ 5,345	\$ 5,532	\$ 5,725	\$ 5,926	\$ 6,133	\$ 6,348	\$ 6,570
125-5222	PERS Tier 1 Unfunded Liability	Manager	\$ 5,450	\$ 6,484	\$ 6,793	\$ 6,929	\$ 7,172	\$ 7,423	\$ 7,682	\$ 7,951	\$ 8,229	\$ 8,518	\$ 8,816
125-5223	PERS TIER 2 Unfunded Liability	Manager	\$ 155	\$ 200	\$ 214	\$ 218	\$ 226	\$ 234	\$ 242	\$ 250	\$ 259	\$ 268	\$ 277
125-5460	Insurance - Liability and Vehicle	Manager	\$ 9,426	\$ 9,041	\$ 9,258	\$ 9,443	\$ 9,726	\$ 10,018	\$ 10,319	\$ 10,628	\$ 10,947	\$ 11,275	\$ 11,614
<b>Total Department 125 - City Manager</b>			<b>\$ 138,098</b>	<b>\$ 152,966</b>	<b>\$ 156,535</b>	<b>\$ 159,665</b>	<b>\$ 165,206</b>	<b>\$ 170,940</b>	<b>\$ 176,872</b>	<b>\$ 183,011</b>	<b>\$ 189,364</b>	<b>\$ 195,937</b>	<b>\$ 202,738</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>DEPARTMENT 130 - CITY CLERK</b>													
130-5105	Regular Salaries	Clerk	\$ 38,287	\$ 39,078	\$ 40,469	\$ 41,278	\$ 42,723	\$ 44,218	\$ 45,766	\$ 47,367	\$ 49,025	\$ 50,741	\$ 52,517
130-5205	Health Insurance	Clerk	\$ 6,822	\$ 7,371	\$ 7,925	\$ 8,084	\$ 8,367	\$ 8,660	\$ 8,963	\$ 9,277	\$ 9,601	\$ 9,937	\$ 10,285
130-5207	Medicare	Clerk	\$ 574	\$ 586	\$ 607	\$ 619	\$ 641	\$ 663	\$ 686	\$ 710	\$ 735	\$ 761	\$ 788
130-5210	Worker's Compensation	Clerk	\$ 1,105	\$ 910	\$ 945	\$ 964	\$ 998	\$ 1,033	\$ 1,069	\$ 1,106	\$ 1,145	\$ 1,185	\$ 1,226
130-5215	PERS Tier 1 (2.5%@55)	Clerk	\$ 907	\$ 958	\$ 976	\$ 996	\$ 1,031	\$ 1,067	\$ 1,104	\$ 1,143	\$ 1,183	\$ 1,224	\$ 1,267
130-5216	PERS Tier 2 (2%@60)	Clerk	\$ 1,167	\$ 1,230	\$ 1,313	\$ 1,339	\$ 1,386	\$ 1,434	\$ 1,485	\$ 1,537	\$ 1,590	\$ 1,646	\$ 1,704
130-5217	PERS Tier 3 (2%@62)	Clerk	\$ 1,312	\$ 1,268	\$ 1,290	\$ 1,316	\$ 1,362	\$ 1,410	\$ 1,459	\$ 1,510	\$ 1,563	\$ 1,618	\$ 1,674
130-5222	PERS Tier 1 Unfunded Liability	Clerk	\$ 2,224	\$ 2,431	\$ 2,595	\$ 2,647	\$ 2,740	\$ 2,836	\$ 2,935	\$ 3,037	\$ 3,144	\$ 3,254	\$ 3,368
130-5223	PERS TIER 2 Unfunded Liability	Clerk	\$ 63	\$ 75	\$ 82	\$ 84	\$ 87	\$ 90	\$ 93	\$ 96	\$ 100	\$ 103	\$ 107
130-5224	PERS TIER 3 Unfunded Liability	Clerk	\$ 33	\$ 46	\$ 53	\$ 54	\$ 56	\$ 58	\$ 60	\$ 62	\$ 64	\$ 66	\$ 69
130-5460	Insurance - Liability and Vehicle	Clerk	\$ 3,684	\$ 3,200	\$ 3,322	\$ 3,388	\$ 3,490	\$ 3,594	\$ 3,702	\$ 3,813	\$ 3,928	\$ 4,045	\$ 4,167
	<b>Total Department 130 - City Clerk</b>		<b>\$ 56,178</b>	<b>\$ 57,153</b>	<b>\$ 59,577</b>	<b>\$ 60,769</b>	<b>\$ 62,879</b>	<b>\$ 65,062</b>	<b>\$ 67,321</b>	<b>\$ 69,659</b>	<b>\$ 72,078</b>	<b>\$ 74,581</b>	<b>\$ 77,171</b>
<b>DEPARTMENT 220 - ADMINISTRATIVE SERVICES</b>													
220-5105	Regular Salaries	Finance	\$ 230,827	\$ 238,795	\$ 246,463	\$ 251,392	\$ 260,191	\$ 269,297	\$ 278,723	\$ 288,478	\$ 298,575	\$ 309,025	\$ 319,841
220-5115	Overtime	Finance	\$ 200	\$ 200	\$ 200	\$ 204	\$ 211	\$ 219	\$ 226	\$ 234	\$ 242	\$ 251	\$ 260
220-5205	Health Insurance	Finance	\$ 39,286	\$ 42,556	\$ 45,813	\$ 46,729	\$ 48,365	\$ 50,057	\$ 51,809	\$ 53,623	\$ 55,499	\$ 57,442	\$ 59,452
220-5207	Medicare	Finance	\$ 3,465	\$ 3,585	\$ 3,700	\$ 3,774	\$ 3,906	\$ 4,043	\$ 4,184	\$ 4,331	\$ 4,482	\$ 4,639	\$ 4,802
220-5210	Worker's Compensation	Finance	\$ 6,648	\$ 5,568	\$ 5,761	\$ 5,876	\$ 6,082	\$ 6,295	\$ 6,515	\$ 6,743	\$ 6,979	\$ 7,223	\$ 7,476
220-5215	PERS Tier 1 (2.5%@55)	Finance	\$ 4,555	\$ 4,558	\$ 4,555	\$ 4,646	\$ 4,809	\$ 4,977	\$ 5,151	\$ 5,331	\$ 5,518	\$ 5,711	\$ 5,911
220-5216	PERS Tier 2 (2%@60)	Finance	\$ 10,492	\$ 10,878	\$ 11,370	\$ 11,597	\$ 12,003	\$ 12,423	\$ 12,858	\$ 13,308	\$ 13,774	\$ 14,256	\$ 14,755
220-5217	PERS Tier 3 (2%@62)	Finance	\$ 5,398	\$ 5,634	\$ 5,769	\$ 5,884	\$ 6,090	\$ 6,303	\$ 6,524	\$ 6,752	\$ 6,988	\$ 7,233	\$ 7,486
220-5222	PERS Tier 1 Unfunded Liability	Finance	\$ 13,335	\$ 14,742	\$ 15,688	\$ 16,002	\$ 16,562	\$ 17,142	\$ 17,742	\$ 18,363	\$ 19,005	\$ 19,671	\$ 20,359
220-5223	PERS TIER 2 Unfunded Liability	Finance	\$ 378	\$ 455	\$ 493	\$ 503	\$ 521	\$ 539	\$ 558	\$ 577	\$ 597	\$ 618	\$ 640
220-5224	PERS TIER 3 Unfunded Liability	Finance	\$ 197	\$ 278	\$ 320	\$ 326	\$ 337	\$ 349	\$ 361	\$ 374	\$ 387	\$ 401	\$ 415
220-5310	Auditors	Finance	\$ 11,500	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,420	\$ 12,855	\$ 13,305	\$ 13,770	\$ 14,252	\$ 14,751	\$ 15,267
220-5345	Contractual Services	Finance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 47,762	\$ 49,195
220-5420	Mileage Reimbursement	Finance	\$ 300	\$ 300	\$ 300	\$ 300	\$ 309	\$ 318	\$ 328	\$ 338	\$ 348	\$ 358	\$ 369
220-5425	Dues and Membership	Finance	\$ 150	\$ 200	\$ 200	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225	\$ 232	\$ 239	\$ 246
220-5460	Insurance - Liability and Vehicle	Finance	\$ 22,169	\$ 19,571	\$ 20,247	\$ 21,183	\$ 21,818	\$ 22,473	\$ 23,147	\$ 23,842	\$ 24,557	\$ 25,294	\$ 26,052
220-5505	Office Supplies and Expense	Finance	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896
220-5605	Rents and Leases	Finance	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 27,604	\$ 28,432	\$ 29,285	\$ 30,164	\$ 31,069	\$ 32,001	\$ 32,961
220-5710	Equipment Maintenance - Tyler	Finance	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393	\$ 40,575	\$ 41,792	\$ 43,046
	<b>Total Department 220 - Administrative Services</b>		<b>\$ 480,700</b>	<b>\$ 491,120</b>	<b>\$ 504,679</b>	<b>\$ 512,416</b>	<b>\$ 529,583</b>	<b>\$ 547,328</b>	<b>\$ 565,670</b>	<b>\$ 584,630</b>	<b>\$ 604,229</b>	<b>\$ 624,487</b>	<b>\$ 645,428</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>DEPARTMENT 230 - HUMAN RESOURCES</b>													
230-5105	Regular Salaries	Human Resources	\$ 46,392	\$ 49,464	\$ 52,968	\$ 54,027	\$ 55,918	\$ 57,875	\$ 59,901	\$ 61,997	\$ 64,167	\$ 66,413	\$ 68,737
230-5205	Health Insurance	Human Resources	\$ 7,322	\$ 7,953	\$ 8,588	\$ 8,760	\$ 9,067	\$ 9,384	\$ 9,712	\$ 10,052	\$ 10,404	\$ 10,768	\$ 11,145
230-5207	Medicare	Human Resources	\$ 696	\$ 742	\$ 795	\$ 811	\$ 839	\$ 869	\$ 899	\$ 931	\$ 963	\$ 997	\$ 1,032
230-5210	Worker's Compensation	Human Resources	\$ 1,341	\$ 1,152	\$ 1,237	\$ 1,262	\$ 1,306	\$ 1,352	\$ 1,399	\$ 1,448	\$ 1,499	\$ 1,551	\$ 1,606
230-5217	PERS Tier 3 (2%@62)	Human Resources	\$ 3,521	\$ 3,695	\$ 3,973	\$ 4,052	\$ 4,194	\$ 4,341	\$ 4,493	\$ 4,650	\$ 4,813	\$ 4,981	\$ 5,155
230-5220	Unemployment Insurance	Human Resources	\$ 2,517	\$ 2,799	\$ 2,939	\$ 2,998	\$ 3,103	\$ 3,212	\$ 3,324	\$ 3,440	\$ 3,561	\$ 3,685	\$ 3,814
230-5222	PERS Tier 1 Unfunded Liability	Human Resources	\$ 101,865	\$ 120,816	\$ 129,659	\$ 132,252	\$ 136,881	\$ 141,672	\$ 146,630	\$ 151,762	\$ 157,074	\$ 162,571	\$ 168,261
230-5223	PERS TIER 2 Unfunded Liability	Human Resources	\$ 747	\$ 410	\$ 448	\$ 457	\$ 473	\$ 490	\$ 507	\$ 524	\$ 543	\$ 562	\$ 581
230-5224	PERS TIER 3 Unfunded Liability	Human Resources	\$ 631	\$ 644	\$ 753	\$ 768	\$ 795	\$ 823	\$ 851	\$ 881	\$ 912	\$ 944	\$ 977
230-5305	Attorneys	Human Resources	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299
230-5340	Professional Services	Human Resources	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149
230-5345	Contractual Services	Human Resources	\$ 2,900	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460
230-5460	Insurance - Liability and Vehicle	Human Resources	\$ 4,473	\$ 4,051	\$ 4,348	\$ 4,267	\$ 4,395	\$ 4,527	\$ 4,663	\$ 4,803	\$ 4,947	\$ 5,095	\$ 5,248
<b>Total Department 230 - Human Resources</b>			<b>\$ 192,405</b>	<b>\$ 208,726</b>	<b>\$ 222,708</b>	<b>\$ 226,654</b>	<b>\$ 234,481</b>	<b>\$ 242,578</b>	<b>\$ 250,955</b>	<b>\$ 259,623</b>	<b>\$ 268,590</b>	<b>\$ 277,867</b>	<b>\$ 287,465</b>
<b>DEPARTMENT 330 - PUBLIC SAFETY</b>													
330-5320	Sheriff Contract	Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Department 330 - Public Safety</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Department 420 - Neighborhood Preservation</b>													
420-5105	Regular Salaries	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5205	Health Insurance	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5207	Medicare	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5210	Worker's Compensation	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5217	PERS Tier 3 (2%@62)	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5224	PERS TIER 3 Unfunded Liability	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-5460	Insurance - Liability and Vehicle	Preservation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Department 420 - Neighborhood Preservation</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Department 440 - Information Technology</b>													
440-5110	Part-Time Salaries	IT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440-5207	Medicare	IT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440-5210	Worker's Compensation	IT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440-5345	Contractual Services	IT	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494
440-5415	Communications	IT	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597
440-5460	Insurance - Liability and Vehicle	IT	\$ 49	\$ 51	\$ 53	\$ 53	\$ 55	\$ 56	\$ 58	\$ 60	\$ 61	\$ 63	\$ 65
440-5520	Supplies	IT	\$ 500	\$ 500	\$ 500	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580	\$ 597	\$ 615
440-5525	Equipment Under \$5k	IT	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839
440-5710	Equipment Maintenance	IT	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,797	\$ 5,971	\$ 6,150
	<b>Total Department 440 - Information Technology</b>		<b>\$ 83,549</b>	<b>\$ 83,551</b>	<b>\$ 83,553</b>	<b>\$ 83,553</b>	<b>\$ 86,060</b>	<b>\$ 88,642</b>	<b>\$ 91,301</b>	<b>\$ 94,040</b>	<b>\$ 96,861</b>	<b>\$ 99,767</b>	<b>\$ 102,760</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Department 630 - Water Maintenance</b>													
630-5105	Regular Salaries	Maintenance	\$ 844,062	\$ 980,911	\$ 1,031,752	\$ 1,052,387	\$ 1,089,221	\$ 1,127,343	\$ 1,166,800	\$ 1,207,638	\$ 1,249,906	\$ 1,293,652	\$ 1,338,930
630-5115	Overtime	Maintenance	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,400	\$ 21,114	\$ 21,853	\$ 22,618	\$ 23,409	\$ 24,229	\$ 25,077	\$ 25,954
630-5116	Standby	Maintenance	\$ 13,100	\$ 13,100	\$ 13,100	\$ 13,100	\$ 13,559	\$ 14,033	\$ 14,524	\$ 15,033	\$ 15,559	\$ 16,103	\$ 16,667
630-5205	Health Insurance	Maintenance	\$ 161,936	\$ 198,951	\$ 214,523	\$ 218,813	\$ 226,471	\$ 234,398	\$ 242,602	\$ 251,093	\$ 259,881	\$ 268,977	\$ 278,391
630-5207	Medicare	Maintenance	\$ 13,157	\$ 15,210	\$ 15,973	\$ 16,292	\$ 16,862	\$ 17,452	\$ 18,063	\$ 18,695	\$ 19,350	\$ 20,027	\$ 20,728
630-5210	Worker's Compensation	Maintenance	\$ 25,192	\$ 23,322	\$ 24,567	\$ 25,058	\$ 25,935	\$ 26,843	\$ 27,782	\$ 28,755	\$ 29,761	\$ 30,803	\$ 31,881
630-5215	PERS Tier 1 (2.5%@55)	Maintenance	\$ 22,283	\$ 16,771	\$ 17,542	\$ 17,893	\$ 18,519	\$ 19,167	\$ 19,838	\$ 20,533	\$ 21,251	\$ 21,995	\$ 22,765
630-5216	PERS Tier 2 (2%@60)	Maintenance	\$ 23,914	\$ 23,851	\$ 24,891	\$ 25,389	\$ 26,278	\$ 27,197	\$ 28,149	\$ 29,134	\$ 30,154	\$ 31,210	\$ 32,302
630-5217	PERS Tier 3 (2%@62)	Maintenance	\$ 28,513	\$ 41,398	\$ 43,915	\$ 44,793	\$ 46,361	\$ 47,983	\$ 49,663	\$ 51,401	\$ 53,200	\$ 55,062	\$ 56,989
630-5222	PERS Tier 1 Unfunded Liability	Maintenance	\$ 51,105	\$ 63,107	\$ 68,226	\$ 69,591	\$ 72,027	\$ 74,548	\$ 77,157	\$ 79,857	\$ 82,652	\$ 85,545	\$ 88,539
630-5223	PERS TIER 2 Unfunded Liability	Maintenance	\$ 1,449	\$ 1,949	\$ 2,145	\$ 2,188	\$ 2,265	\$ 2,344	\$ 2,426	\$ 2,511	\$ 2,599	\$ 2,690	\$ 2,784
630-5224	PERS TIER 3 Unfunded Liability	Maintenance	\$ 754	\$ 1,188	\$ 1,393	\$ 1,421	\$ 1,471	\$ 1,522	\$ 1,575	\$ 1,631	\$ 1,688	\$ 1,747	\$ 1,808
630-5335	Maintenance & License Agreements	Maintenance	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358	\$ 8,609
630-5336	Permit & Assessment Fees	Maintenance	\$ 65,000	\$ 72,000	\$ 78,000	\$ 78,000	\$ 80,340	\$ 82,750	\$ 85,233	\$ 87,790	\$ 90,423	\$ 93,136	\$ 95,930
630-5337	Coordinated Integrated Monitoring	Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
630-5338	Underground Service Alert	Maintenance	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,545	\$ 1,591	\$ 1,639	\$ 1,688	\$ 1,739	\$ 1,791	\$ 1,845
630-5339	Water Quality - Clinical Lab	Maintenance	\$ 35,000	\$ 37,800	\$ 38,520	\$ 38,520	\$ 39,676	\$ 40,866	\$ 42,092	\$ 43,355	\$ 44,655	\$ 45,995	\$ 47,375
630-5340	Professional Services	Maintenance	\$ 99,000	\$ 99,000	\$ 99,000	\$ 99,000	\$ 101,970	\$ 105,029	\$ 108,180	\$ 111,425	\$ 114,768	\$ 118,211	\$ 121,758
630-5340.345	Conservation Education	Maintenance	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149
630-5341	Professional Services - Reservoir	Maintenance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138	\$ 28,982	\$ 29,851	\$ 30,747
630-5345	Contractual Services	Maintenance	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,870	\$ 30,766	\$ 31,689	\$ 32,640	\$ 33,619	\$ 34,628	\$ 35,666
630-5405	Utilities	Maintenance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255	\$ 11,593	\$ 11,941	\$ 12,299
630-5410	Advertising	Maintenance	\$ 800	\$ 800	\$ 800	\$ 800	\$ 824	\$ 849	\$ 874	\$ 900	\$ 927	\$ 955	\$ 984
630-5411	Customer Notifications	Maintenance	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839
630-5415	Communications	Maintenance	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149
630-5420	Mileage Reimbursement	Maintenance	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230
630-5425	Dues and Memberships	Maintenance	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460
630-5435	Training and Education	Maintenance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377	\$ 3,478	\$ 3,582	\$ 3,690
630-5440	Water Purchases - MWD	Maintenance	\$ 3,000,000	\$ 2,490,970	\$ 2,452,192	\$ 2,452,192	\$ 2,525,758	\$ 2,601,530	\$ 2,679,576	\$ 2,759,964	\$ 2,842,763	\$ 2,928,045	\$ 3,015,887
630-5441	Water Purchases - WRD	Maintenance	\$ 5,000	\$ 230,000	\$ 305,000	\$ 305,000	\$ 314,150	\$ 323,575	\$ 333,282	\$ 343,280	\$ 353,579	\$ 364,186	\$ 375,112
630-5442	Utilities - CWWF	Maintenance	\$ 30,000	\$ 75,500	\$ 99,000	\$ 99,000	\$ 101,970	\$ 105,029	\$ 108,180	\$ 111,425	\$ 114,768	\$ 118,211	\$ 121,758
630-5443	Water Production Supply - Reservoir	Maintenance	\$ 12,000	\$ 271,822	\$ 324,546	\$ 324,546	\$ 334,282	\$ 344,311	\$ 354,640	\$ 365,279	\$ 376,238	\$ 387,525	\$ 399,151
630-5460	Insurance - Liability and Vehicle	Maintenance	\$ 84,009	\$ 81,969	\$ 86,342	\$ 79,572	\$ 81,959	\$ 84,418	\$ 86,950	\$ 89,559	\$ 92,246	\$ 95,013	\$ 97,864
630-5505	Office Supplies and Expense	Maintenance	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305
630-5510	Small Tools	Maintenance	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 4,637	\$ 4,776	\$ 4,919
630-5515	Uniform Expense	Maintenance	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149
630-5525	Equipment Under \$5k	Maintenance	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 23,185	\$ 23,881	\$ 24,597
630-5605	Rents and Leases	Maintenance	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551	\$ 115,927	\$ 119,405	\$ 122,987
630-5704	Meter Replacement	Maintenance	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,660	\$ 23,340	\$ 24,040	\$ 24,761	\$ 25,504	\$ 26,269	\$ 27,057
630-5705	General Maintenance	Maintenance	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 108,150	\$ 111,395	\$ 114,736	\$ 118,178	\$ 121,724	\$ 125,375	\$ 129,137
630-57096	Equipment Maintenance - Reservoir	Maintenance	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,510	\$ 18,035	\$ 18,576	\$ 19,134	\$ 19,708	\$ 20,299	\$ 20,908
630-5710	Equipment Maintenance	Maintenance	\$ 18,000	\$ 18,000	\$ 22,000	\$ 22,000	\$ 22,660	\$ 23,340	\$ 24,040	\$ 24,761	\$ 25,504	\$ 26,269	\$ 27,057
630-5720	Fuel	Maintenance	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 10,433	\$ 10,746	\$ 11,069
630-5755	Special Dept. Supplies & Expense	Maintenance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,319	\$ 28,139	\$ 28,983	\$ 29,852	\$ 30,748
<b>Total Department 630 - Water Maintenance</b>			<b>\$ 4,961,274</b>	<b>\$ 5,184,619</b>	<b>\$ 5,390,427</b>	<b>\$ 5,412,955</b>	<b>\$ 5,582,880</b>	<b>\$ 5,758,168</b>	<b>\$ 5,938,986</b>	<b>\$ 6,125,512</b>	<b>\$ 6,317,926</b>	<b>\$ 6,516,414</b>	<b>\$ 6,721,172</b>

LOMITA, CA  
 Water Rate Study  
 REVENUES AND EXPENSES - WATER

Acct	Description	Utility	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Department 990 - Transfers to Other Fund</b>													
990-5993	Transfer to Water Capital	Transfers	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Department 990 - Transfers To Other Fund</b>			<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>WATER DEBT SERVICE</b>													
<u>Water Debt Service</u>													
	2016 Water Revenue Refunding Bonds	WATER	\$ 463,288	\$ 464,838	\$ 466,063	\$ 461,962	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 463,875	\$ 464,917	\$ 464,917
	New Debt	WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Water Debt Service</b>			<b>\$ 463,288</b>	<b>\$ 464,838</b>	<b>\$ 466,063</b>	<b>\$ 461,962</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 463,875</b>	<b>\$ 464,917</b>	<b>\$ 464,917</b>

LOMITA, CA  
 Water Rate Study  
 CAPITAL IMPROVEMENT PLAN  
 Current Dollars

Line	Description	Input Capital Costs					Input Capital Costs					
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	<b>Inflation Rate</b>			2.79%								
	<b>WATER SYSTEM</b>											
1	Annual Pipeline Replacement	\$ -	\$ 1,156,100	\$ -	\$ 1,156,100	\$ -	\$ 1,156,100	\$ -	\$ 1,156,100	\$ -	\$ 1,156,100	\$ 5,780,500
2	CIP Master Plan	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Emergency Generator	\$ 15,000	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Water Master Plan	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	246th St., 247th Pl., 247th St. - Western	\$ 135,000	\$ 1,364,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Cypress Water Production Upgrade	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Annual Pipeline Upsizing Project	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 1,987,000	\$ -	\$ -
8	Annual 4-inch Looped Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Annual 4-inch Dead-End Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Pressure Zone Boundary Modification Study	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Narbonne Ave South Pipeline Replacement	\$ -	\$ 1,445,000	\$ 1,445,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Narbonne Ave Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,147,000	\$ -	\$ -	\$ -	\$ -	\$ -
13	PCH Pipeline Upsizing	\$ -	\$ -	\$ 250,000	\$ 3,284,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	W. Lomita Blvd Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 1,600,000	\$ 713,600	\$ 713,600	\$ 713,600	\$ 713,600	\$ 713,600
15	Zone 2 and 3 Booster Feasibility Study	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	New Interconnection at Narbonne Ave Oak Street PRS Study	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Second Potable Well Evaluation	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Emergency Generator for Appian Way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Water Quality Sample Station Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
20	Annual Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,071	\$ 199,071	\$ 199,071	\$ 199,071	\$ 199,071
21	Water Rate Study	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Appian Way Roof	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Equipment Over \$5k	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	<b>Total Water System Improvements</b>	<b>\$ 2,805,000</b>	<b>\$ 6,711,016</b>	<b>\$ 1,695,000</b>	<b>\$ 4,590,100</b>	<b>\$ 2,275,000</b>	<b>\$ 3,918,100</b>	<b>\$ 2,912,671</b>	<b>\$ 2,068,771</b>	<b>\$ 2,899,671</b>	<b>\$ 2,068,771</b>	<b>\$ 6,693,171</b>

LOMITA, CA  
 Water Rate Study  
 CAPITAL IMPROVEMENT PLAN  
 Inflated Dollars

Line	Description	Projected for Fiscal Year Ending June 30										
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	<b>WATER SYSTEM</b>											
1	Annual Pipeline Replacement	\$ -	\$ 1,188,304	\$ -	\$ 1,255,429	\$ -	\$ 1,326,345	\$ -	\$ 1,401,268	\$ -	\$ 1,480,422	\$ 7,608,305
2	CIP Master Plan	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Emergency Generator	\$ 15,000	\$ 113,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Water Master Plan	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	246th St., 247th Pl., 247th St. - Western	\$ 135,000	\$ 1,402,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Cypress Water Production Upgrade	\$ 2,500,000	\$ 2,569,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Annual Pipeline Upsizing Project	\$ -	\$ -	\$ -	\$ -	\$ 2,232,333	\$ -	\$ 2,358,433	\$ -	\$ 2,475,460	\$ -	\$ -
8	Annual 4-inch Looped Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Annual 4-inch Dead-End Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Pressure Zone Boundary Modification Study	\$ -	\$ -	\$ -	\$ 54,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Narbonne Ave South Pipeline Replacement	\$ -	\$ 1,485,252	\$ 1,526,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Narbonne Ave Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,315,905	\$ -	\$ -	\$ -	\$ -	\$ -
13	PCH Pipeline Upsizing	\$ -	\$ -	\$ 264,122	\$ 3,566,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	W. Lomita Blvd Pipeline Upsizing	\$ -	\$ -	\$ -	\$ -	\$ 306,946	\$ 1,835,614	\$ 841,489	\$ 864,929	\$ 889,023	\$ 913,787	\$ 939,242
15	Zone 2 and 3 Booster Feasibility Study	\$ -	\$ -	\$ -	\$ 54,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	New Interconnection at Narbonne Ave Oak Street PRS Study	\$ -	\$ -	\$ -	\$ 54,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Second Potable Well Evaluation	\$ -	\$ 51,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Emergency Generator for Applan Way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Water Quality Sample Station Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,209	\$ -	\$ -	\$ -	\$ -	\$ -
20	Annual Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,748	\$ 241,287	\$ 248,008	\$ 254,917	\$ 262,018
21	Water Rate Study	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Applan Way Roof	\$ -	\$ 51,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Equipment Over \$5k	\$ -	\$ 35,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	<b>Total Water System Improvements</b>	\$ 2,805,000	\$ 6,897,958	\$ 1,790,747	\$ 4,984,469	\$ 2,539,279	\$ 4,495,073	\$ 3,434,669	\$ 2,507,484	\$ 3,612,491	\$ 2,649,126	\$ 8,809,565

# APPENDIX B

## Water Cost-of-Service and Rate Design

**LOMITA, CA**  
Development of Rate Revenue Requirement

---

Line No:		Test Year for Rate Revenue Requirement	
		FY 2023	
1	<b>Total Operating Revenue Requirement</b>	\$	<b>6,713,328</b>
	Less:		
	<u>Other Operating Revenues</u>		
2	Fees for Service	\$	1,000
3	Late Fees	\$	20,000
4	Interest - Fund 510	\$	10,000
5	Connection Fees		10,000
6	Fire Flow Fees		5,000
7	Miscellaneous Revenues	\$	2,500
8	Transfer from Water Capital		0
9	Increase/(Decrease) in Revenues		(3,006,416)
	<b>Total Other Operating Revenues</b>	\$	-
10	<b>Total Rate Revenue Requirement</b>	\$	<b>6,713,328</b>

**LOMITA, CA**  
 Allocation of Test Year Costs to Water Function

---

Test Year for Rate Revenue Requirement		
Line No:	Expense Group	FY 2023
1	Treatment	\$3,711,735
2	Transmission & Distribution	2,388,849
3	Customer Service	100,552
4	Transfers	0
5	Existing Bond DS	464,838
6	New Bond DS	0
7	CIP	6,897,958
8	<b>Total</b>	<b>\$ 13,563,932</b>



LOMITA, CA  
Water Max Day/Hour Allocation Factors - Test Year FY 2023

Line No:	Description	[A] Flow	[B] Peak Month (CCF)	[C] Average Month (CCF)	[D] Max Day/Avg Day Factor	[E] Max Day Total Capacity (CCF/Day)	[F] Max Day Extra Capacity (CCF/Day)	[G] Max Hour Capacity Factor	[H] Max Hour Total Capacity (CCF/Day)	[I] Max Hour Extra Capacity (CCF/Day)
<b>Operating Statistics:</b>		<b>MGD</b>	<b>Factor</b>							
1	Avg Day Flow (MGD)	6.29	1.00							
2	Max Day Flow (MGD)	10.38	1.65							
3	Max Hour Flow (MGD)	17.61	2.80							
<b>Cost Allocation Factors:</b>		<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>						
4	Base/Max Day	60.61%	39.39%	0.00%						
5	Base/Max Day/Max Hour	35.71%	23.21%	41.07%						
<b>Peaking Factors:</b>					[B] / [C]			[D] * [B3 / B2]		
<b>Residential</b>		685,158								
6	Tier 1		40,710	30,164	1.35			2.29		
7	Tier 2		44,646	26,922	1.66			2.81		
8	Tier 3		40,408	12,050	3.35			5.69		
<b>Commercial</b>		116,092								
9	Tier 1		1,682	1,140	1.48			2.50		
10	Tier 2		30,175	17,796	1.70			2.88		
<b>Fire</b>		-								
11	Tier 1		-	-	0.00			0.00		
						Maximum Day	Maximum Hour			
						[D] x [B]	[E] - [B]	[G] x [B]	[H] - [E]	
<b>Estimated Max Day/Hour Flows:</b>		<b>Total Annual Flow (CCF)</b>	<b>Average Daily Flow (CCF)</b>		<b>Peaking Factor</b>	<b>Total Capacity</b>	<b>Extra Capacity</b>	<b>Peaking Factor</b>	<b>Total Capacity</b>	<b>Extra Capacity</b>
<b>Residential</b>										
12	Tier 1	181,323	497		1.35	670	174	2.29	1,138	467
13	Tier 2	159,470	437		1.66	725	288	2.81	1,230	505
14	Tier 3	327,146	896		3.35	3,005	2,109	5.69	5,100	2,095
<b>Commercial</b>										
15	Tier 1	7,912	22		1.48	32	10	2.50	54	22
16	Tier 2	108,180	296		1.70	503	206	2.88	853	350
<b>Fire</b>										
17	Tier 1	-	-		0.00	-	-	0.00	-	-
18	<b>Total</b>	<b>784,031</b>	<b>2,148</b>			<b>4,935</b>	<b>2,787</b>		<b>8,375</b>	<b>3,440</b>

**LOMITA, CA**  
Calculation of Fixed Charge Rates/ Revenue - Water FY 2023

Line No:			
1	<b>Total Water Revenue Target</b>	<b>\$ 6,713,328</b>	
2	Percent from Fixed Charge	37%	
3	<b>Total Fixed Charge Revenue Requirement - Water</b>	<b>\$ 2,496,277</b>	
4	Total Equivalent Billed Meters	46,393	
5	Bi-Monthly Water Fixed Charge per Equivalent Meter	\$ 53.81	

**Water Fixed Charge - By Meter Size**

6	Meter Size	Meter Equivalency	Bi-Monthly Water Fixed Charge
7	0.625	1.00	\$ 53.81
8	0.75	1.00	\$ 53.81
9	0.75 x 1	1.33	\$ 71.75
10	1	1.67	\$ 89.86
11	1.5	3.33	\$ 179.19
12	2	5.33	\$ 286.81
13	3	10.67	\$ 574.15
14	4	16.67	\$ 897.01
15	6	33.33	\$ 1,793.49
16	8	53.33	\$ 2,869.69
17	10	76.67	\$ 4,125.61
18	12	143.33	\$ 7,712.77
19	16	1,250.00	\$ 67,262.50

Water
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Meter Size	Billing Basis-->	Class -->			Total	Calculation of Equivalent Meters / Units			
		Res	Com	Fire		Bills	Equiv. Factor	Inside / Outside Factor	Equivalent Meters
0.625		8,426	483	-	8,909	8,909	1.00	1.00	8,909
0.75		4,548	175	-	4,723	4,723	1.00	1.00	4,723
0.75 x 1		6,457	225	-	6,681	6,681	1.33	1.00	8,909
1		3,137	630	-	3,767	3,767	1.67	1.00	6,291
1.5		885	298	-	1,183	1,183	3.33	1.00	3,940
2		600	384	-	984	984	5.33	1.00	5,245
3		18	37	-	55	55	10.67	1.00	589
4		18	12	91	122	122	16.67	1.00	2,028
6		-	-	96	96	96	33.33	1.00	3,200
8		-	-	48	48	48	53.33	1.00	2,560
10		-	-	-	-	-	76.67	1.00	-
12		-	-	-	-	-	143.33	1.00	-
16		-	-	-	-	-	1,250.00	1.00	-
<b>Total</b>		<b>24,089</b>	<b>2,245</b>	<b>235</b>	<b>26,569</b>	<b>26,569</b>			<b>46,393</b>

**LOMITA, CA**  
**Water Max Day/Hour Allocation Factors - Test Year FY 2023**  
**Water Units of Service by Cost Component - Test Year FY 2023**

		[A]	[B]	[C]	[D]
Line No:	Description	Accounts	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)
1	<b>Residential</b>	4,015	667,940	2,571	3,067
2	Tier 1		181,323	174	467
3	Tier 2		159,470	288	505
4	Tier 3		327,146	2,109	2,095
5	<b>Commercial</b>	374	116,092	216	373
6	Tier 1		7,912	10	22
7	Tier 2		108,180	206	350
8	<b>Fire</b>	39	-	-	-
9	Tier 1		-	-	-
10	<b>Total</b>	4,428	784,031	2,787	3,440

**LOMITA, CA**  
Allocation of Water Costs Test Year FY 2023

**Allocation to Base Extra Capacity - Water**

Line No:	Water Costs	Extra Capacity			Fire	Meters & Services	Billing & Collection	Total		
		Base	Max Day	Max Hour						
1	Treatment	\$3,711,735	\$952,037	\$1,235,235	\$1,524,463	\$0	\$0	\$0	\$3,711,735	
2	Transmission & Distribution	2,388,849	612,725	794,989	981,134	-	-	-	2,388,849	
3	Customer Service	100,552	-	-	-	-	-	100,552	100,552	
4	Transfers	-	-	-	-	-	-	-	-	
5	CIP	6,897,958	3,690,407	689,796	689,796	103,469	1,724,489	-	6,897,958	
6	Existing Debt	464,838	-	116,210	116,210	-	232,419	-	464,838	
7	New Debt	-	-	-	-	-	-	-	-	
8	Non-Rate Revenue & Fund Balance	(6,850,604)	(1,757,138)	(2,279,825)	(2,813,641)	-	-	-	(6,850,604)	
9	<b>Total</b>	<b>\$ 6,713,328</b>	<b>\$ 3,498,032</b>	<b>\$ 556,405</b>	<b>\$ 497,961</b>	<b>\$ 103,469</b>	<b>\$ 1,956,908</b>	<b>\$ 100,552</b>	<b>\$ 6,713,328</b>	
10	Fixed Charge Component						\$ 1,956,908	\$ 100,552	\$ 2,057,460	30.65%
11	Flow Charge Component		\$ 3,498,032	\$ 556,405	\$ 497,961	\$ 103,469			\$ 4,655,868	69.35%
12	<b>Total</b>		<b>\$ 3,498,032</b>	<b>\$ 556,405</b>	<b>\$ 497,961</b>	<b>\$ 103,469</b>	<b>\$ 1,956,908</b>	<b>\$ 100,552</b>	<b>\$ 6,713,328</b>	<b>100.00%</b>
							<b>\$ 42.18</b>	<b>\$ 3.78</b>		

**LOMITA, CA**  
**Water Cost of Service by Cost Component and Customer Class - Test Year FY 2023**

		[A]	[B]	[C]	[D]	[E]
Line No:	Description	Accounts	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)	Total
1	<b>Residential</b>	\$ 1,765,481	\$ 2,980,077	\$ 513,188	\$ 444,025	\$ 5,702,771
	Tier 1		\$ 808,989	\$ 34,674	\$ 67,651	
	Tier 2		\$ 711,493	\$ 57,427	\$ 73,110	
	Tier 3		\$ 1,459,595	\$ 421,086	\$ 303,264	
2	<b>Commercial</b>	\$ 291,090	\$ 517,955	\$ 43,217	\$ 53,936	\$ 906,198
	Tier 1		\$ 35,300	\$ 2,058	\$ 3,227	
	Tier 2		\$ 482,654	\$ 41,159	\$ 50,709	
3	<b>Fire</b>	\$ 104,359	\$ -	\$ -	\$ -	\$ 104,359
	Tier 1		\$ -	\$ -	\$ -	
4	<b>Total</b>	\$ 2,160,930	\$ 3,498,032	\$ 556,405	\$ 497,961	\$ 6,713,328

**LOMITA, CA**  
**Water Rate Calculation - Test Year FY 2023**

Line No:	Description	[A] Capacity Ratio	[B] Meter Charge	[C] Customer Charge	[D] Proposed Charge	[E] Existing Charge	[F] Difference
<b>General Service</b>							
1	0.625	1.00	\$ 50.03	\$ 3.78	\$ 53.81	\$ 50.31	\$ 3.50
2	0.75	1.00	\$ 50.03	\$ 3.78	\$ 53.81	\$ 50.31	\$ 3.50
3	0.75 x 1	1.33	\$ 66.70	\$ 3.78	\$ 70.49	\$ 67.08	\$ 3.41
4	1	1.67	\$ 83.55	\$ 3.78	\$ 87.33	\$ 83.85	\$ 3.48
5	1.5	3.33	\$ 166.59	\$ 3.78	\$ 170.38	\$ 167.71	\$ 2.67
6	2	5.33	\$ 266.65	\$ 3.78	\$ 270.43	\$ 268.33	\$ 2.10
7	3	10.67	\$ 533.79	\$ 3.78	\$ 537.58	\$ 503.13	\$ 34.45
8	4	16.67	\$ 833.96	\$ 3.78	\$ 837.74	\$ 838.54	\$ (0.80)

<b>Fire Service</b>							
9	4	1.00	\$ 236.99	\$ 3.78	\$ 240.77	\$ 227.61	\$ 13.16
10	6	2.00	\$ 473.98	\$ 3.78	\$ 477.76	\$ 455.22	\$ 22.54
11	8	3.20	\$ 758.36	\$ 3.78	\$ 762.15	\$ 728.35	\$ 33.80

Line No:	Customer Class	Base	Peaking	Proposed Rate (\$/CCF)	Existing Rate (\$/CCF)	Difference	Tier Differential
<b>Residential</b>							
1	Tier 1	\$ 4.46	\$ 0.56	\$ 5.03	\$ 4.79	\$ 0.24	1.00
2	Tier 2	\$ 4.46	\$ 0.82	\$ 5.28	\$ 4.94	\$ 0.34	1.05
3	Tier 3	\$ 4.46	\$ 2.21	\$ 6.68	\$ 5.61	\$ 1.07	1.33
<b>Commercial</b>							
4	Tier 1	\$ 4.46	\$ 0.84	\$ 5.30	\$ 4.94	\$ 0.36	1.00
<b>Fire</b>							
5	Tier 1	\$ -	\$ -	\$ -	\$ -	\$ -	1.00

Development of Proposed FY 2023 Residential Rates

**Residential - Cost of Service Component** **\$5,702,771**

Service Charge, \$ per Bill	Rate	Bills	Revenue
0.625	\$ 53.81	8,426	\$453,403
0.75	53.81	4,548	244,736
0.75 x 1	70.49	6,457	455,118
1.00	87.33	3,137	273,946
1.50	170.38	885	150,761
2.00	270.43	600	162,221
3.00	537.58	18	9,887
4.00	837.74	18	15,408
6.00	1,671.20	0	0

Total Service Charge Revenue \$1,765,481

Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
0 - 20 CCF	26.5%	181,323	1.00	\$ 5.03	\$911,314
20 - 35 CCF	23.3%	159,470	1.05	5.28	842,031
> 35 CCF	50.3%	327,146	1.33	6.68	2,183,945
<b>Total</b>	<b>100%</b>	<b>685,158</b>			<b>\$3,937,290</b>

Development of Proposed FY 2022 Commercial Rates

**Commercial Rates - Cost of Service** **\$906,198**

Service Charge, \$ per Bill	Rate	Bills	Revenue
0.625	\$53.81	483	\$26,008
0.75	53.81	175	9,402
0.75 x 1	70.49	225	15,845
1.00	87.33	630	55,057
1.50	170.38	298	50,834
2.00	270.43	384	103,898
3.00	537.58	37	19,774
4.00	837.74	12	10,272
6.00	1,671.20	0	0

Total Service Charge Revenue \$291,090

Block	% Volume in Block	Billed Volume	Cumulative Factor	Volume Rate	Rate Revenue
All Use	100.0%	116,092	1.00	\$5.30	\$615,108
<b>Total</b>	<b>100%</b>	<b>116,092</b>			<b>\$615,108</b>

Development of Proposed FY 2022 Fire Rates

**Fire - Cost of Service** **\$104,359**

Service Charge, \$ per Bill	Rate	Bills	Revenue
0.625	\$ -	0	\$0
0.75	-	0	0
0.75 x 1	-	0	0
1.000	-	0	0
1.500	-	0	0
2.000	-	0	0
3.000	-	0	0
4.000	240.77	91	21,910
6.000	477.76	96	45,865
8.000	762.15	48	36,583
Total Service Charge Revenue			\$104,359





27368 Via Industria, Suite 200  
Temecula, California 92590-4856  
800.755.6864 | Fax: 888.326.6864  
951.587.3500 | Fax: 951.587.3510  
[www.willdan.com](http://www.willdan.com)