

Novato Potable Water System

Fiscal Year 23/24 Five-Year Financial Forecast

	Projected FY 22/23	Forecast FY 23/24	Forecast FY 24/25	Forecast FY 25/26	Forecast FY 26/27	Forecast FY 27/28
1 Water Rate Increase:	6.00%	9.50%	8.50%	7.00%	7.00%	7.00%
Rate Revenue						
2 Water Rate Revenue	\$20,402,000	\$20,402,000	\$22,340,000	\$24,239,000	\$25,936,000	\$27,752,000
3 Drought Surcharge	\$540,000					
4 Change due to growth		\$28,000	\$30,000	\$33,000	\$35,000	\$38,000
5 Increase due to rate adjustments		\$1,938,000	\$1,899,000	\$1,697,000	\$1,816,000	\$1,943,000
Non-Rate Revenues						
6 Wholesale Rate Revenue	\$99,000	\$102,000	\$105,000	\$108,000	\$111,000	\$115,000
7 Other Charges	\$298,000	\$268,000	\$268,000	\$268,000	\$268,000	\$268,000
8 Interest Earnings	\$279,000	\$280,000	\$286,000	\$264,000	\$252,000	\$231,000
9 Facility Reserve Charges	\$500,000	\$793,000	\$793,000	\$793,000	\$793,000	\$793,000
10 Operating Revenue	\$279,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000
11 Misc. Revenue	\$234,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000
12 Loan Repayment WM	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000
13 MMWD AEEP Contributions	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000
14 Total Revenue	\$22,952,000	\$24,424,000	\$26,334,000	\$28,015,000	\$29,824,000	\$31,753,000
O&M Costs						
15 Source of Supply	\$5,316,200	\$5,649,000	\$6,298,600	\$6,934,800	\$7,628,300	\$8,447,600
16 Pumping	\$469,200	\$497,400	\$527,200	\$548,300	\$570,200	\$593,000
17 Other Operations	\$1,091,000	\$1,156,500	\$1,225,900	\$1,274,900	\$1,325,900	\$1,378,900
18 Water Treatment	\$2,602,200	\$2,878,300	\$3,051,000	\$3,173,000	\$3,299,900	\$3,431,900
19 Transmission & Distribution	\$3,887,665	\$4,120,900	\$4,368,200	\$4,542,900	\$4,724,600	\$4,913,600
20 Consumer Accounting	\$483,000	\$512,000	\$542,700	\$564,400	\$587,000	\$610,500
21 Water Conservation	\$444,300	\$471,000	\$499,300	\$519,300	\$540,100	\$561,700
22 General Administration	\$2,878,000	\$3,234,700	\$3,428,800	\$3,566,000	\$3,708,600	\$3,856,900
23 Total Operating Expenses	\$17,171,565	\$18,519,800	\$19,941,700	\$21,123,600	\$22,384,600	\$23,794,100
Capital Costs						
24 Total Capital Spending	\$7,311,700	\$15,282,000	\$5,449,000	\$6,585,000	\$4,585,000	\$4,875,000
25 Debt Funded Capital	\$6,000,000	\$10,500,000	\$1,000,000	\$665,493	\$0	\$0
26 Existing Debt Service	\$3,250,000	\$3,253,000	\$3,255,000	\$3,252,000	\$3,253,000	\$3,250,000
27 Cash Funded Capital Projects	\$1,311,700	\$3,347,000	\$3,114,000	\$4,144,000	\$3,210,000	\$3,413,000
28 Total Capital Expenses	\$4,561,700	\$6,600,000	\$6,369,000	\$7,396,000	\$6,463,000	\$6,663,000
Transfers & Other Cash Changes						
29 Transfer Out to Recycled Water	\$768,000	\$745,000	\$782,000	\$750,000	\$716,000	\$679,000
30 Funding for Affordability Program	\$27,300	\$31,000	\$86,000	\$86,000	\$86,000	\$86,000
31 Total Revenue Requirement	\$22,528,565	\$25,895,800	\$27,178,700	\$29,355,600	\$29,649,600	\$31,222,100
32 Beginning Year Balance	\$18,662,000	\$19,085,000	\$17,613,000	\$16,768,000	\$15,427,000	\$15,601,000
33 Surplus/(Shortfall)	\$423,435	(\$1,471,800)	(\$844,700)	(\$1,340,600)	\$174,400	\$530,900
34 Restricted Reserves	\$1,045,000	\$1,045,000	\$1,045,000	\$1,045,000	\$1,045,000	\$1,045,000
35 End of Year Balance	\$19,085,435	\$17,613,200	\$16,768,300	\$15,427,400	\$15,601,400	\$16,131,900
36 <i>Minimum Reserves (by policy)</i>	\$12,123,855	\$12,573,267	\$13,047,233	\$13,441,200	\$13,861,533	\$14,331,367
37 <i>Available Cash (Unrestricted)</i>	\$6,961,580	\$5,039,933	\$3,721,067	\$1,986,200	\$1,739,867	\$1,800,533
38 Debt Coverage Ratio	1.53	1.58	1.70	1.86	2.04	2.21

Novato Recycled Water System

Fiscal Year 23/24 Five-Year Financial Forecast

	Projected FY 22/23	Forecast FY 23/24	Forecast FY 24/25	Forecast FY 25/26	Forecast FY 26/27	Forecast FY 27/28
Recycled Water Rate Increase¹:	6.00%	5.30%	5.00%	5.00%	5.00%	5.00%
1 Active Services @ Fiscal Year End	100	100	100	100	100	100
2 Commodity Rate/1,000 Gal	\$7.01	\$7.38	\$7.75	\$8.14	\$8.55	\$8.97
3 Consumption (MG)	247	235	235	235	235	235
Operating Revenue						
4 Recycled Water Sales	\$1,733,000	\$1,735,000	\$1,821,000	\$1,912,000	\$2,008,000	\$2,108,000
5 Bimonthly Service Charge	128,000	135,000	142,000	149,000	156,000	164,000
6 Water Loads & Turn on Charges	15,000	15,000	15,000	15,000	15,000	15,000
7 Total Operating Revenue	\$1,876,000	\$1,885,000	\$1,978,000	\$2,076,000	\$2,179,000	\$2,287,000
Operating Expense						
8 Purchased Water - NSD	\$270,000	\$283,000	\$298,000	\$314,000	\$331,000	\$349,000
9 Purchased Water - LGVSD	110,000	\$113,000	\$119,000	\$125,000	\$132,000	\$139,000
10 Other Operating Expenses	362,000	381,000	401,000	422,000	444,000	468,000
11 Depreciation	788,000	788,000	788,000	788,000	788,000	788,000
12 Total Operating Expense	\$1,530,000	\$1,565,000	\$1,606,000	\$1,649,000	\$1,695,000	\$1,744,000
Non-Operating Revenue/(Expense)						
13 Interest Revenue	\$97,000	\$69,000	\$69,000	\$69,000	\$69,000	\$69,000
14 Interest Expense	(232,000)	(213,000)	(193,000)	(173,000)	(152,000)	(131,000)
15 Transfers Out - Capital Expansion Fund	(544,000)	(532,000)	(557,000)	(583,000)	(611,000)	(639,000)
16 Other Revenue/(Expense)	-	-	-	-	-	-
17 Total Non-Op Revenue/(Expense)	(\$679,000)	(\$676,000)	(\$681,000)	(\$687,000)	(\$694,000)	(\$701,000)
18 NET INCOME/(LOSS)	(\$333,000)	(\$356,000)	(\$309,000)	(\$260,000)	(\$210,000)	(\$158,000)
Other Sources/(Uses) of Funds						
19 Add Depreciation Expense	\$788,000	\$788,000	\$788,000	\$788,000	\$788,000	\$788,000
20 Loan Principal Repayment Received	38,000	39,000	39,000	39,000	40,000	40,000
21 Novato Potable FRC Fund Trsf	768,000	745,000	782,000	750,000	716,000	679,000
22 Capital Improvement Projects	-	(150,000)	(350,000)	(150,000)	(150,000)	(150,000)
23 Transfers In from Capital Expansion Fund	-	150,000	350,000	150,000	150,000	150,000
24 Deer Island TP Loan Principal	(243,000)	(246,000)	(249,000)	(251,000)	(253,000)	-
25 SRF Loan Principal - System Expansion	(689,000)	(704,000)	(721,000)	(740,000)	(760,000)	(725,000)
26 Total Other Sources/Uses	\$662,000	\$622,000	\$639,000	\$586,000	\$531,000	\$782,000
27 Cash Increase/(Decrease)	\$329,000	\$266,000	\$330,000	\$326,000	\$321,000	\$624,000
28 Capital Replacement Expansion Fund	\$4,724,600	\$5,106,600	\$5,313,600	\$5,746,600	\$6,206,600	\$6,695,600
29 SRF Reserve Fund	890,000	890,000	890,000	890,000	890,000	890,000
30 Deer Island Replacement Fund	215,000	215,000	215,000	215,000	215,000	215,000
31 Unrestricted Cash	718,279	602,279	725,279	618,279	479,279	614,279
32 Ending Cash Reserve Balance	\$6,547,879	\$6,813,879	\$7,143,879	\$7,469,879	\$7,790,879	\$8,414,879

¹Fiscal year 23/24 Rate increase to be reviewed for approval by the Board of Directors on June 20, 2023. FY 24/25 through FY 27/28 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.