



NORTH MARIN WATER DISTRICT

2024 Novato and Recycled Water Rate Study

April 7, 2024



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Mr. Tony Williams
General Manager
North Marin Water District
999 Rush Dr.
Novato, CA 94945

Re: Final 2024 Novato and Recycled Water Rate Study

Dear Mr. Williams,

Hildebrand Consulting is pleased to present this 2024 Water Rate Study (Study) for the Novato Enterprise and Recycled Water Enterprise that was performed for North Marin Water District (District). We appreciate the fine assistance provided by you and all of the members of the District staff who participated in the Study.

If you or others at the District have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service to the District and look forward to the possibility of doing so again in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Hildebrand'.

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure

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List of Acronyms

AEEP	Aqueduct Energy Efficiency Project
AWWA	American Water Works Association
CIP	capital improvement program
COS	cost of service
DCR	debt service coverage ratio
FY	fiscal year (which ends on June 30 for the District)
FRC	Facility Reserve Charge (a.k.a. capacity charge)
G&A	general and administrative
GPD	gallons per day
GPM	gallons per minute
LGVSD	Las Gallinas Valley Sanitary District
MG	million gallons
MMWD	Marin Municipal Water District
NSD	Novato Sanitary District
O&M	operations and maintenance
OPEB	Other Post-Employment Benefits
PayGo	“pay as you go” (i.e., cash financing for capital projects)
SCWA	Sonoma County Water Agency (also known as Sonoma Water)
SRF	State Revolving Fund (loan program)
TGAL	thousand gallons

Section 1. INTRODUCTION

Hildebrand Consulting, LLC has been retained by North Marin Water District (District) to conduct a rate study (Study) for the Novato water service area and the District’s recycled water system. This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The District provides water service to approximately 61,000 residents in the greater Novato area through over 20,700 potable water service connections and nearly 100 recycled water connections. The District also provides water service to approximately 1,800 residents in the Point Reyes service area of West Marin County and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County. The focus of this Study is both the Novato service area (which sells potable water) and the Recycled Water system. The District was formed by voter approval in April 1948 pursuant to provisions of the County Water District Law and is governed by a five-member Board of Directors, elected by division from within the District’s service area.

During an average year, about eighty percent of the Novato service area’s water supply is purchased from the Sonoma County Water Agency (“Sonoma Water” or “SCWA”), while the remaining supply is treated surface water from Stafford Lake.

Recycled Water services are made available to customers by virtue of interagency agreements¹ with Novato Sanitary District (NSD) and Las Gallinas Valley Sanitary

¹ The “Inter Agency Agreement for Recycled Water Between Las Gallinas Sanitary District and North Marin Water District” and the “Inter Agency Agreement for Recycled Water Between Novato Sanitary District and North Marin Water District” both executed in 2011.

District (LGVSD), whereby the sanitary districts provide tertiary treated wastewater and NMWD conveys the recycled water to end users.

1.2 SCOPE & OBJECTIVES OF STUDY

The scope of this Study is to prepare multi-year financial plans, update the rate structures, and propose a 5-year rate schedule for both the Novato Enterprise and the Recycled Water Enterprise.

The primary objectives of this Study are to:

- i. Develop multi-year financial management plans that integrate operational and capital project funding needs
- ii. Identify future rate adjustments to water rates to help ensure adequate revenues to meet each enterprise's respective ongoing financial obligations
- iii. Determine the cost of providing water service using industry-accepted methodologies
- iv. Update the District's existing rate structures in order to ensure that the District continues to equitably recover the cost of service and comporting with industry standards and California's legal requirements
- v. Introduce a pass-through provision to account for the changing cost of wholesale water

1.3 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as laid out in the American Water Works Association (AWWA) M1 Manual, and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The Study began with a review of the District's current financial dynamics and latest available data for the utility's operations. Multi-year financial management plans for both the Novato Enterprise (potable water) and the Recycled Water Enterprise were

then developed to determine the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using an MS Excel[®]-based financial planning model which was customized to reflect both enterprises financial dynamics and latest available data for the utility's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

Revenue requirements calculated for fiscal year ending June 2025 (FY 2024/25²) were then used to perform a detailed cost-of-service (COS) analysis. The COS analysis and rate structure design were conducted based upon principles outlined by the AWWA, legal requirements (Proposition 218) and other generally accepted industry practices to develop rates that reflect the cost of providing service.

² Fiscal years are sometimes indicated by their ending years. For example, FY 2024/25, starts on July 1, 2024, and ends on June 30, 2025, can also be expressed as FY 2025.

Section 2. FINANCIAL PLANS

This section presents the 10-year financial plans for both the Novato Enterprise and the Recycled Water Enterprise, including a description of the source data, assumptions, and the District’s financial policies. The District provided historical and budgeted financial information associated with operation of the Novato Enterprise and Recycled Water Enterprise, including historical and budgeted operating costs, a multi-year capital improvement program (CIP), and outstanding debt service obligations. District staff also assisted in providing other assumptions and policies, such as reserve targets and escalation rates for operating costs (all of which are described in the following subsections).

The 10-year financial plans were developed through several interactive work sessions with both District staff and the Board’s Water Management Ad Hoc Committee. As a result of this process, the Study has produced robust financial plans that will allow the District to meet the revenue requirements of the respective enterprises and achieve financial performance objectives throughout the projection period while striving to minimize rate increases.

2.1 NOVATO ENTERPRISE FINANCIAL PLAN

The following provides the details of the Novato Enterprise financial plan.

2.1.1 Novato Enterprise Beginning Fund Balances

The ending cash balances for FY 2022/23 were used to establish the FY 2023/24 beginning balances, as outlined in **Table 1**.

Table 1: Novato Enterprise FY 2023/24 Beginning Cash Balance

Cash	\$2,102,000
Operating Reserve Fund	\$5,780,000
Maintenance Accrual Fund	\$4,000,000
Liability Contingency Reserve	\$1,606,000
Worker's Compensation Fund	\$19,000
Retiree Medical Benefits Fund	\$4,344,000
Webster Bank-Admin Bldg/CIP Fund	\$10,481,000
Total Unrestricted:	\$28,332,000
 Restricted:	 \$1,341,000
Total Reserves:	\$29,673,000
 Long-term Receivable from other funds:	 \$7,126,000

The “Restricted” reserves are primarily associated with reserves that are set aside in conformance with debt covenants for an existing State Revolving Fund (SRF) loan. The purpose and target reserve levels for the remaining funds is detailed in Section 2.1.7. The “Long-term Receivable from other funds” is explained in Section 2.2.6 and Footnote 10.

2.1.2 Novato Service Area Customer Growth

Over the past 5 years the District has collected an average of approximately \$1.57 million per year in Facility Reserve Charge³ (FRC) revenue from new customers connecting to the system. While this level of growth may continue, this Study conservatively assumes that FRC revenue will average \$793 thousand per year going forward (about half of the average revenue from FY2018/19 – FY2022/23). This level of revenue corresponds with a growth rate of approximately 0.13 percent. This Study

³ The District’s Facility Reserve Charges are known as “Capacity Charges” per Government Code Section 66013.

assumes that this rate of growth will continue over the next 10-year planning period, while also recognizing that actual growth may turn out to be materially higher.

2.1.3 Novato Enterprise Revenues

Rate revenue is the revenue generated from customers for water service. The District collects rate revenue from potable water customers in the Novato service area based on a fixed “Service Charge” (assessed based on meter sizes) and a water usage “Quantity Charge.” Customers receive a bimonthly bill. The Novato Enterprise financial plan starts with the FY 2023/24 budgeted rate revenues (the District adopted a 9.5 percent increase on July 1, 2023). Future rate revenue projections account for assumed customer growth (see Section 2.1.2) as well as the annual rate revenue adjustments proposed by this Study. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule 1**.

In addition to rate revenue, the District receives some “non-rate revenue” from sources such as miscellaneous service fees (“operating revenue”), wheeling charges⁴, FRC revenue, rents/leases on District property, limited property taxes, loan repayments⁵, interest revenue on investments, and occasionally grants. Projections of all non-rate revenues were based on FY 2023/24 budgeted revenues with the exception of interest income which was calculated annually based upon projected fund balances and assumed interest rate of 2.0 percent on invested funds, which is consistent with the District’s historical interest earnings. Budgeted non-rate revenues are depicted in Figure 2 below and detailed in Schedule 1. A portion of the non-rate revenue (specifically lease revenue) is used to fund the District’s Low Income Rate Assistance (LIRA) program, which provides a bill discount to certain qualifying customers.

⁴ Charged to Marin Municipal Water District (MMWD) for wholesale water transfers through NMWD’s Aqueduct.

⁵ Namely from MMWD for capital contributions to the Aqueduct Energy Efficiency Project (AEEP).

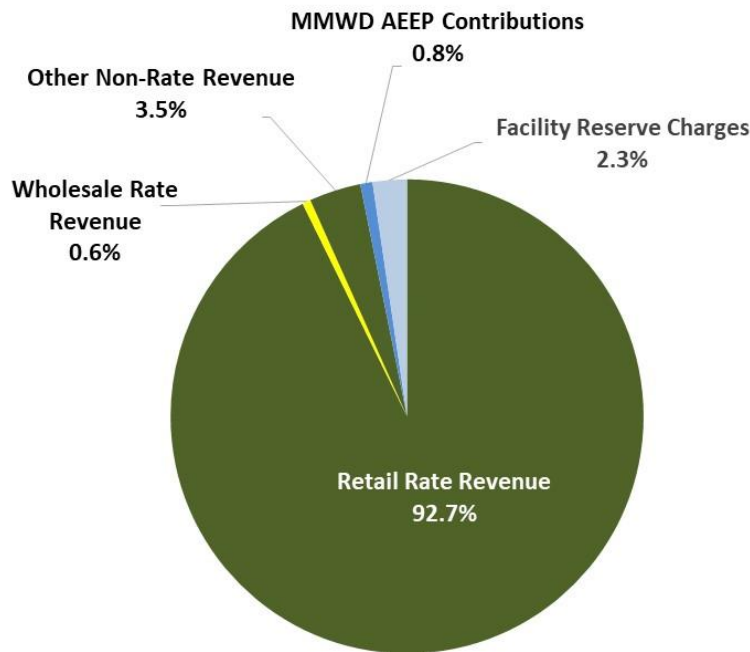


Figure 1: Novato Enterprise Revenue Categories (Budget FY 2023/24)

It should be noted that California law (specifically Government Code Section 66013) requires that FRC revenue be spent “solely for the purposes for which the charges were collected” (i.e., expansion-related capital projects). In the case of the District, FRC revenue is used to pay for expansion-related capital projects as well as contribute to existing Recycled Water enterprise debt service payments (the debt was issued to fund Recycled Water system expansion projects). The use of FRC revenue to pay for the expansion of the Recycled Water system is reasonable given that Recycled Water is part of the District’s larger water portfolio, and the use of recycled water mitigates the District’s need to pay for other (potentially more expensive) new sources of potable water. The mechanics of the transfer of FRC revenue from the Novato Enterprise to the Recycled Water Enterprise are explained in more detail in Section 2.2.5.

2.1.4 Novato Enterprise Operating and Debt Expenses

Novato Enterprise expenses include operating and maintenance expenses, SCWA water purchase payments, debt service, and transfers to the Recycled Water Enterprise (see Section 2.2.5). Capital spending is addressed in Section 2.1.6. The Novato Enterprise current outstanding debt includes a 2008 loan from Bank of Marin (a \$8.0 million loan, \$7 million of which was for the Aqueduct Energy Efficiency Project and \$1 million for West Marin capital projects), a 2010 SRF loan for the Stafford Treatment Plant (\$16.5 million), a 2019 loan from JP Morgan Chase (\$4.6 million for the Advanced Meter Information (AMI) Project), and a 2022 Webster Bank loan (\$20.0 million for the Administration and Laboratory Upgrade Project and other capital improvement projects). The Novato Enterprise total annual debt service in FY 2023/24 is \$3.3 million.

The District's existing loans have a debt service coverage ratio (DCR) requirement of 1.20. Based on recently published guidance from Fitch Ratings⁶, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.50 times annual debt service. As per the District's debt management policy (Policy No. 47), a DCR of at least 1.50 is planned throughout the projection period to enable the District to access favorable borrowing terms in the future.

Future operating expenses were projected based upon the budgeted expenditures from FY 2023/24 and adjusted for inflation (see Section 2.1.5).

Budgeted expense categories for FY 2023/24 are depicted in **Figure 2**. Projected operating and debt expenses are detailed in **Schedule 2**.

⁶ As published on July 31, 2013.

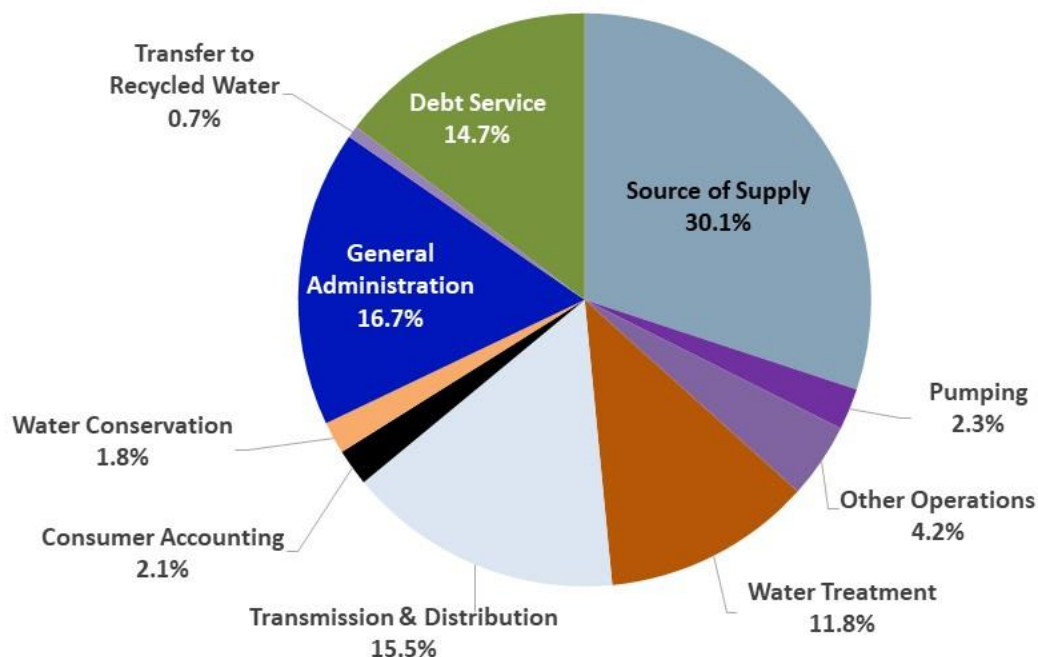


Figure 2: Novato Enterprise Expense Categories (Budget FY 2023/24)

2.1.5 Cost Escalation

Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, most of the Novato Enterprise and Recycled Water Enterprise expenses are projected to increase at 3.0 percent per year. As an exception, utilities are forecasted to increase by 12 percent in FY 2025 and 5 percent thereafter, chemicals are forecasted to increase by 10 percent in FY 2025 and 5 percent thereafter, and supplies assumed to increase by 5 percent per year. Wholesale water costs are scheduled to increase by 11.74 percent in FY 2024/25 (as reported by Sonoma Water). The wholesale water cost increases thereafter are not

captured by the financial plan given the pass-through provisions proposed by this Study (see Section 4).

2.1.6 Novato Enterprise Capital Improvement Program

Figure 3 shows that cash-funded (“Pay as you go” or “PayGo”) capital spending from FY 2020/21 to FY 2022/23 has averaged \$1.66 million. During that period, the District has also received a \$20 million loan for the Administration and Laboratory Upgrade Project and other capital improvement projects.

Going forward, while overall annual capital spending will decrease, the annual PayGo spending is expected to increase to an average of \$3.5 million. The District is increasing its PayGo spending in order to pro-actively address aging pipes, pump stations, water tanks, and other system deficiencies, such as making improvements to the system’s fire flow capacity.

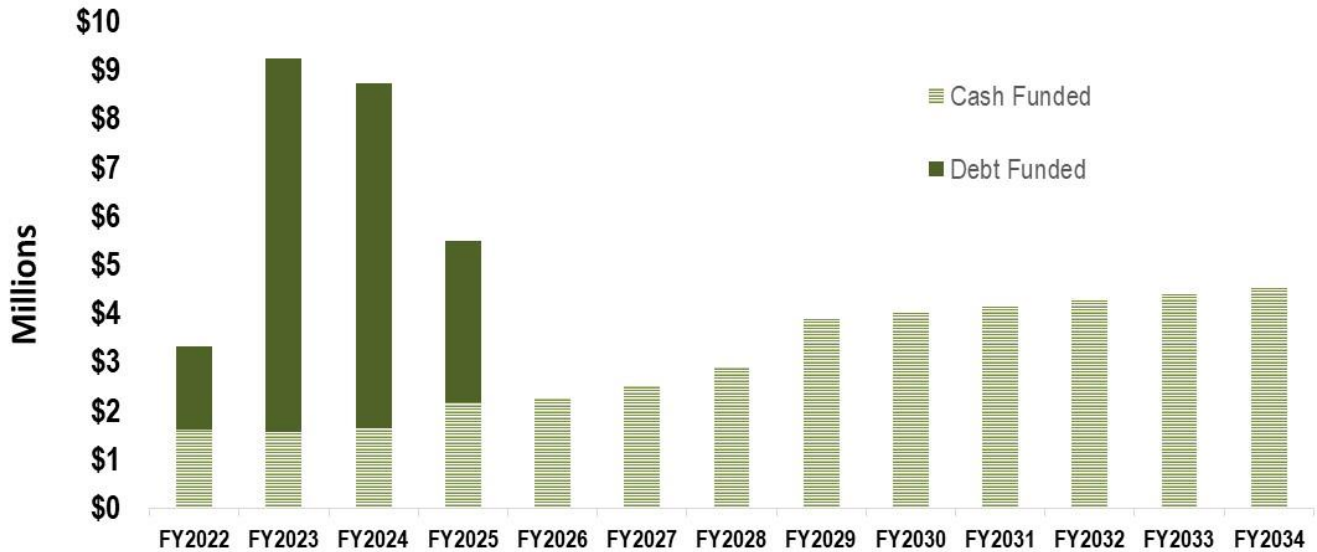


Figure 3: Novato Enterprise Historic and projected capital spending

A detailed list of budgeted capital projects and associated costs is provided in **Schedule 3**. For purposes of cash flow planning and based on historical performance, this Study assumes that the District will deliver 74 percent of the budgeted capital spending. The bottom of Schedule 3 shows the amount of the capital that will be funded with existing loan proceeds, with FRC funds, and with rate revenue.

The capital spending forecast is based on the District's 5-year capital improvement plan (CIP). All capital spending values provided by the District were provided in current dollars and were inflated at a rate of 3 percent per year.

2.1.7 Novato Enterprise Reserve Policies

Target reserves for utilities are cash balances retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan. Utilities rely on reserves for financial stability; credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets; and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

The Novato Enterprise has formal reserve policies (Policy No. 45, last revised on May 1, 2018) which includes three separate reserve targets, which are summarized below. The target levels of the policies below are consistent with 1) the findings of reserve studies conducted by the AWWA; 2) a healthy level of reserves for a utility per the evaluation criteria published by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's); and 3) Hildebrand Consulting's industry experience for similar systems.

Operating Reserve – The Operating Reserve is comprised of a minimum of four months of budgeted operating expenditures as recommended by the District's financial advisors. This reserve serves to ensure adequate working capital for operating, capital, and unanticipated cash flow needs that arise during the year.

Given the forecasted FY 2023/24 O&M budget of \$20.6 million, the Operating Reserve target will be \$6.9 million.

Other Post-Employment Benefits (OPEB) Liability Reserve – The District pays the cost of health insurance for retirees (subject to certain limitations). The target level for this reserve is based on a 2023 actuarial analysis which calculated the District’s total OPEB accrued liability at \$4.3 million.

Liability Contingency Reserve – This reserve was established when the District first elected to self-insure its general liability risk. Today the reserve target is \$2 million based on an independent financial assessment of the District’s current liabilities.

Maintenance Accrual Fund Reserve – This reserve provides a source of funds for the replacement of treatment, storage, transmission, and distribution facilities as they wear out. By written policy, the reserve target goal is \$2.5 million, however in practice the District has increased the target to \$4.0 million based on the District’s planned increase in PayGo spending.

This Study proposes that the District distinguish between “**Minimum “Reserves”** and “**Reserve Targets.**” The first two reserve targets above (the Operating Reserve target, OPEB Liability Reserve target, and Liability Contingency Reserve target, which add up to approximately \$11.2 million) are maintained for the purpose of mitigating unexpected expenses or events. For this reason, the District should always plan to have these reserves fully funded (in case those unexpected events come to pass, at which time it may be appropriate to draw down on the reserves). On the other hand, the Maintenance Accrual Fund Reserve is designed to give the District some “cushion” to smooth out the peaks and valleys in the PayGo capital spending program. As such, it makes sense to draw down on this reserve during years of higher-than-average PayGo spending and replenish the reserve during years with lower-than-average spending. The Liability Contingency Reserve is a useful safety net for unexpected liability events; however, the District now carries a third-party insurance policy therefore keeping the Liability Contingency Reserve funded at all times is no longer as critical as it was when the District was self-insured. As such, the Liability Contingency Reserve and Maintenance Accrual Fund Reserve is treated as a “target” rather than a “minimum.”

The total reserve target by year is shown in **Schedule 4** (Novato Enterprise 10-Year Cash Flow Proforma), which shows that the projected cash reserves do not dip below the minimum reserve target, while the Target Reserve level is only occasionally fully funded.

2.1.8 Proposed Novato Enterprise Rate Revenue Increases

All of the above information was entered into a Novato Enterprise financial planning model to produce a 10-year projection of the sufficiency of revenues to meet current and projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period.

Based upon the previously discussed financial data, assumptions, and policies, this Study proposes a 5-year schedule of rate adjustments as detailed in **Table 2**. The proposed rate revenue increases starting on July 1, 2025, do not include the pass-through of Sonoma Water costs, as covered in Section 4. The proposed rate increase on July 1, 2024, already includes the projected increase in Sonoma Water costs and therefore the pass-through provision is not applicable.

Table 2: Recommended Novato Enterprise Water Rate Revenue Increase*

Rate Adjustment Date	Proposed Rate Revenue Increase
July 1, 2024	8.5%
July 1, 2025	6.0%
July 1, 2026	6.0%
July 1, 2027	4.0%
July 1, 2028	4.0%

* The pass-through of wholesale water costs may still apply starting in July 2025.

The numbers provided in **Schedule 4** (Novato Enterprise cash flow proforma) are summarized graphically in **Figure 4**, which shows that cash reserves and DCR targets are maintained over the course of the planning period.

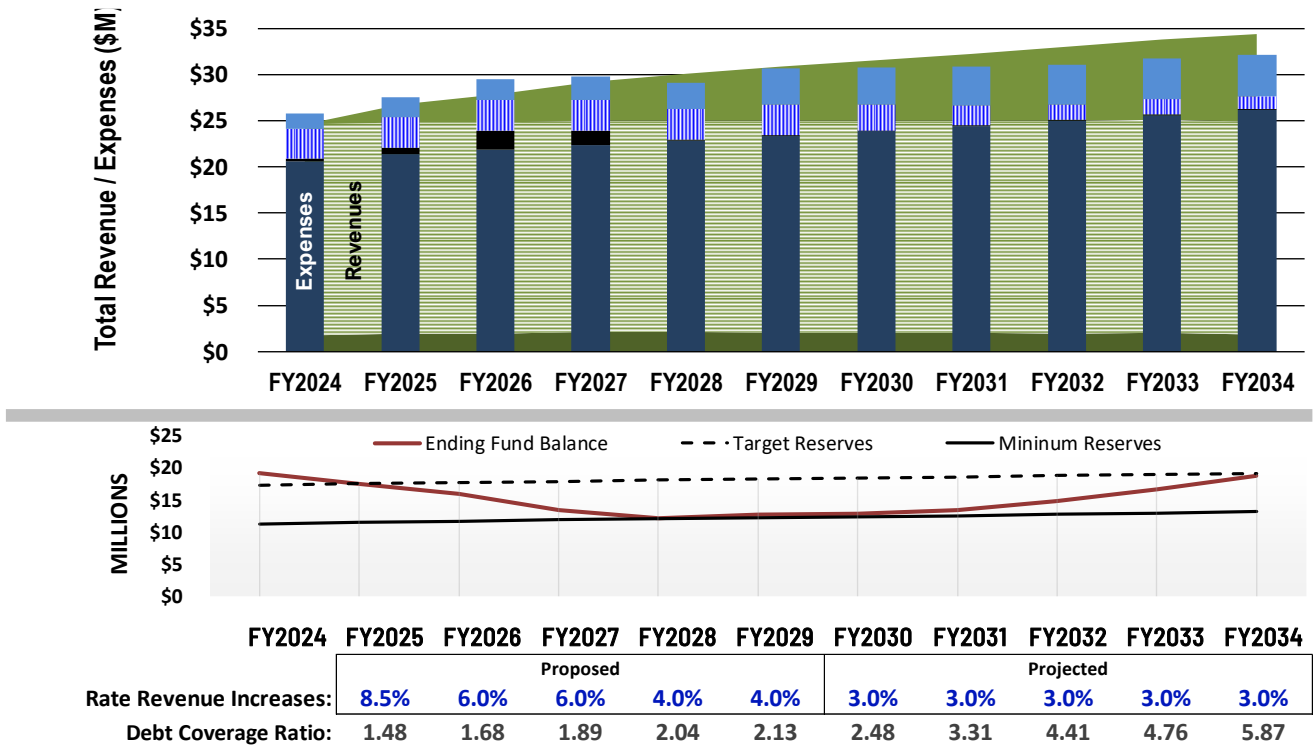


Figure 4: Novato Enterprise Financial Projection with Recommended Rate Increases

After the final recommended increase in FY 2028/29, it is projected that minimal (approximately inflationary) increases will be necessary going forward, barring unforeseen emergencies or changes in infrastructure/operational needs.

2.2 RECYCLED WATER ENTERPRISE FINANCIAL PLAN

The following provides the details of the Recycled Water Enterprise financial plan.

2.2.1 Recycled Water Enterprise Beginning Fund Balances

The ending cash balances for FY 2022/23 were used to establish the FY 2023/24 beginning balances, as outlined in **Table 3**.

Table 3: Recycled Water Enterprise FY 2023/24 Beginning Cash Balance

Cash	\$206,000
Operating Reserve Fund	\$241,000
Total Unrestricted:	\$447,000
Restricted	\$1,105,000
Capital Replacement & Expansion Fund	\$3,062,000
Total Reserves:	\$4,614,000

The “restricted reserves” are associated with (1) reserves set aside in conformance with debt covenants for existing SRF loans and (2) the Deer Island RWF Replacement Fund. The “Capital Replacement & Expansion Fund” is a fund that is required per the interagency agreements with LGVSD and NSD. The purpose and target reserve levels for the unrestricted, as well as the Capital Replacement & Expansion Fund, is detailed in Section 2.2.5.

2.2.2 Recycled Water Customer Growth

Extending the recently developed Recycled Water system is a long and expensive endeavor. At this time, the District doesn’t have any plans to expand the Recycled Water system, although the existing system has the capacity to allow for expansion of the customer base in the future within or near the existing distribution system.

2.2.3 Recycled Water Revenues

Much like potable water customers, the Recycled Water Enterprise receives rate revenue from a fixed “Service Charge” and a water usage “Quantity Charge,” and customers receive a bimonthly bill. Rate revenue in the Recycled Water Enterprise financial plan begins with FY 2023/24 budgeted rate revenues. Future rate revenues are

modeled to increase annually with the annual rate revenue adjustments proposed by this Study. Budgeted and projected rate revenues are listed in **Schedule 5**.

In addition to rate revenue, the Recycled Water Enterprise receives “non-rate revenue” from sources such as loan repayments⁷, miscellaneous service fees, interest revenue on investments, and occasionally grants (although no grant revenues are projected for this planning period). In addition, the Recycled Water Enterprise receives a substantial annual transfer from the FRC Fund to pay for debt service (explained in Section 2.2.6).

Projections of all non-rate revenues were based on FY 2023/24 budgeted revenues with the exception of interest income which was calculated annually based upon projected average fund balances and assumed the same interest rate as the Novato Enterprise. Budgeted revenues are depicted in **Figure 5** below and listed in detail in **Schedule 5**.

⁷ Namely Marin Country Club contributions to the enterprise’s debt service (approximately \$49 thousand per year).

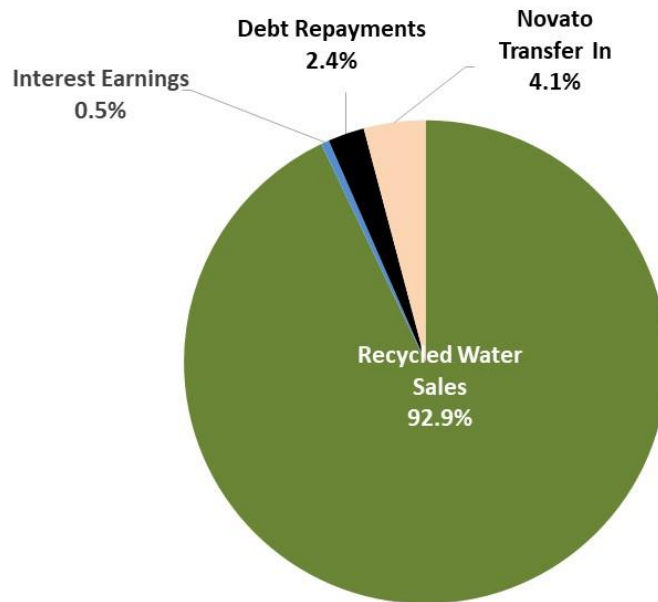


Figure 5: Recycled Water Revenue Categories (Budget FY 2023/24)

2.2.4 Recycled Water Operating and Debt Expenses

Recycled Water expenses include operating and maintenance expenses, debt service, and transfers to the Capital Replacement & Expansion Fund. Capital spending is address in Section 2.2.7. The Recycled Water Enterprise currently has nine (9) outstanding SRF loans, ranging from a \$457 thousand loan to a \$7.1 million loan. The Recycled Water Enterprise total annual debt service in FY 2023/24 is \$1.163 million.

Future operating expenses were projected based upon the budgeted expenditures from FY 2023/24 and adjusted for inflation (see Section 2.1.5).

In accordance with its interagency agreements with NSD and LGVSD, the District also transfers out all of its net revenue⁸ to the Capital Replacement & Expansion Fund for the purpose of paying for the recycled water capital costs at the respective agencies (further explained in Section 2.2.5).

Budgeted expense categories for FY 2023/24 are depicted in **Figure 6**. Projected operating and debt expenses are detailed in **Schedule 6**.

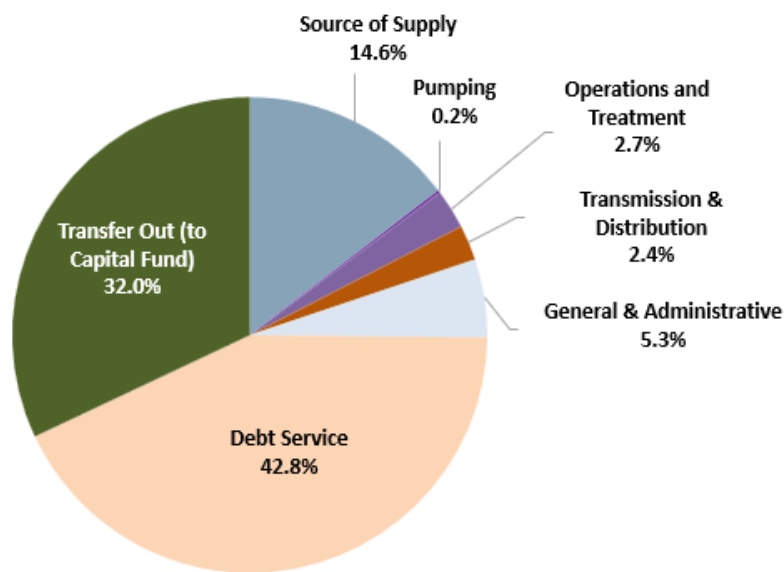


Figure 6: Recycled Water Expense Categories (Budget FY 2023/24)

⁸ The Interagency Agreements for Recycled Water between Novato Sanitary District, Las Gallinas Valley Sanitary District & NMWD require that any payments to the NMWD by its retail customers in excess of “Operating and Maintenance Costs” shall be deposited in a separate fund for capital expenditures at each respective agency. “Operation and Maintenance Costs” are defined as the actual cost of labor, equipment and vehicle charges, consumables, and spare parts and/or replaced components necessary to reliably treat and deliver recycled water to the retail customers. Operation and Maintenance Costs do not include costs for major capital replacement or process changes.

2.2.5 Recycled Water Enterprise Reserve Policies

As discussed in Section 2.1.7, target reserves for utilities are cash balances retained for specific cash flow needs. District Policy No. 45 describes two formal reserves for Recycled Water:

- The **Operating Reserve** is comprised of a minimum of four months of budgeted operating expenditure and serves to ensure adequate working capital for operating, capital, and unanticipated cash flow needs that arise during the year. Given the budgeted FY 2023/24 O&M budget of \$683 thousand, the Recycled Water Operating Reserve target will be \$227 thousand.
- The Recycled Water **Capital Replacement and Expansion Fund** is required by the 2011 interagency agreement with NSD and the 2022 interagency agreement with LGVSD. The agreements require that all net revenue (i.e., rate revenue less operating costs) be deposited in this fund. This reserve is designed to set aside funds that will be used in the future to pay for reinvestment and/or expansion of the Recycled Water infrastructure. There are, in fact, three Capital Replacement and Expansion Funds; one fund exists for each agency⁹. It is recommended that NMWD plan to maintain a minimum reserve of \$500 thousand in its Capital Replacement and Expansion Fund.

Note that the 2019 Study proposed to establish a separate Capital Reserve for the Recycled Water Enterprise but this current Study has concluded that such a fund is redundant with the Capital Replacement and Expansion Fund.

2.2.6 Interfund Loan from Novato Enterprise

As previously mentioned in Section 2.2.3, FRC funds help to pay for the debt service on loans that were used to expand the Recycled Water storage and distribution system.

⁹ The annual distribution to each agency's Capital Replacement and Expansion Fund is made proportionately based on the agencies' respective depreciation expense since this value estimates each agency's respective future cost of infrastructure reinvestment.

During years when FRC revenue is insufficient to pay for the Recycled Water debt service (currently about \$1.16 million per year), the remaining debt service is paid by borrowing from Novato Enterprise reserves. Since Novato rate revenue is not designed to pay for Recycled Water debt service, these transfers from Novato (on behalf of the FRC Fund) are tracked by the District as an interfund loan which will eventually be reimbursed to Novato by FRC revenue¹⁰.

The first of the Recycled Water nine loans will be paid off in FY 2026/27 and bulk of the remaining loans will be paid off by FY 2033/34 (see Schedule 6, Row 27). Based on current forecasts, it is expected that starting in FY 2027/28 there will be sufficient FRC revenue to both pay the Recycled Water debt service and growth-related capital projects and have enough remaining to start reimbursing the Novato Enterprise for the interfund loan.

Up until this point, transfers have been made to the Recycled Water Enterprise from the FRC Fund in amounts that are equal to the Recycled Water Enterprise's debt service less the Marin Country Club contributions to the Recycled Water debt service (approximately \$49 thousand per year) and any other non-rate revenues such as interest earnings and operating revenues (see Rows 4, 5 & 6 of Schedule 7). Going forward, however, it has been agreed with NSD and LGVSD that the funds in the Capital Replacement and Expansion Funds (see Section 2.2.5) are eligible to pay for debt service associated with Recycled Water projects. As such, it is assumed that NMWD's Capital Replacement and Expansion Fund will begin to contribute \$600 thousand toward debt service (see Row 20 of Schedule 7). Those contributions will taper starting in FY 2030/31 as debt service requirements taper off.

¹⁰ The balance of the interfund loan owed to the Novato Enterprise was \$7.1 million as of July 1, 2023 (see Table 1). The balance is made up of a mix of Novato funds used to pay for Recycled Water debt service and Novato funds used to pay for growth-related capital projects.

For example, in FY 2024/25 the debt service is \$1.163 million. \$800 thousand of that debt will be paid by the Capital Replacement and Expansion Fund and an additional \$80 thousand will be funded through operating revenue, interest earnings and Marin Country Club debt repayments. The remaining \$285 thousand will be paid by the FRC Fund, which will need to borrow the funds from the Novato Enterprise (see Rows 30 and 31 of Schedule 4).

2.2.7 Recycled Water Capital Improvement Program

Figure 7 shows that total capital spending from FY 2015/16 to FY 2017/18 was under \$30 thousand. This low capital spending is due to the fact that the recycled water infrastructure is very new. Starting in FY 2023/24 the annual capital spending is expected to increase to an average of about \$325 thousand per year as the District’s preventative maintenance practices begin.

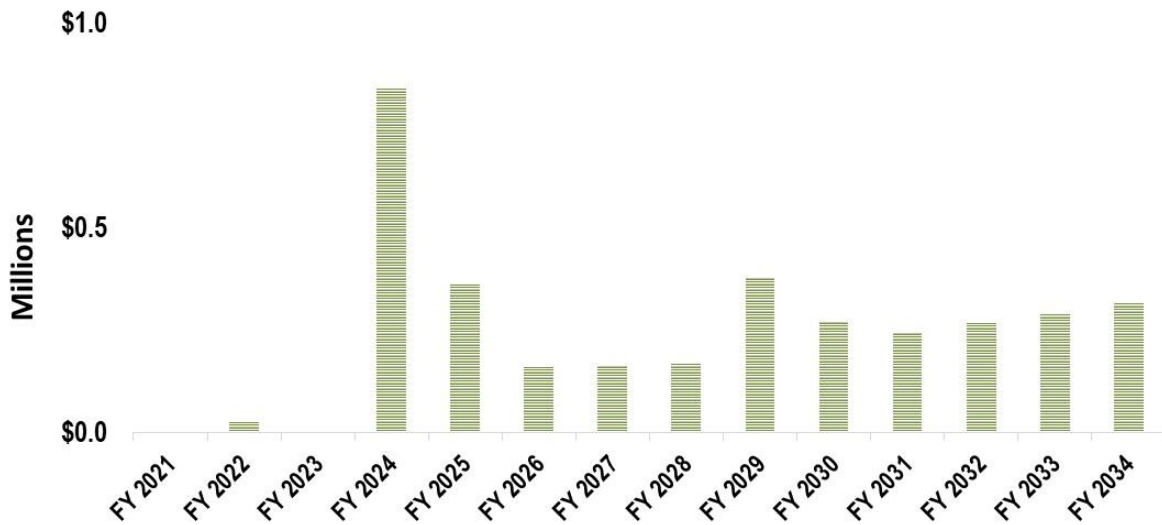


Figure 7: Historic and projected Recycled Water capital spending

2.2.8 Proposed Recycled Water Rate Revenue Increases

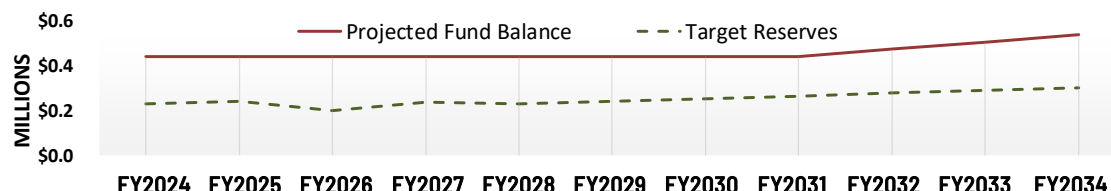
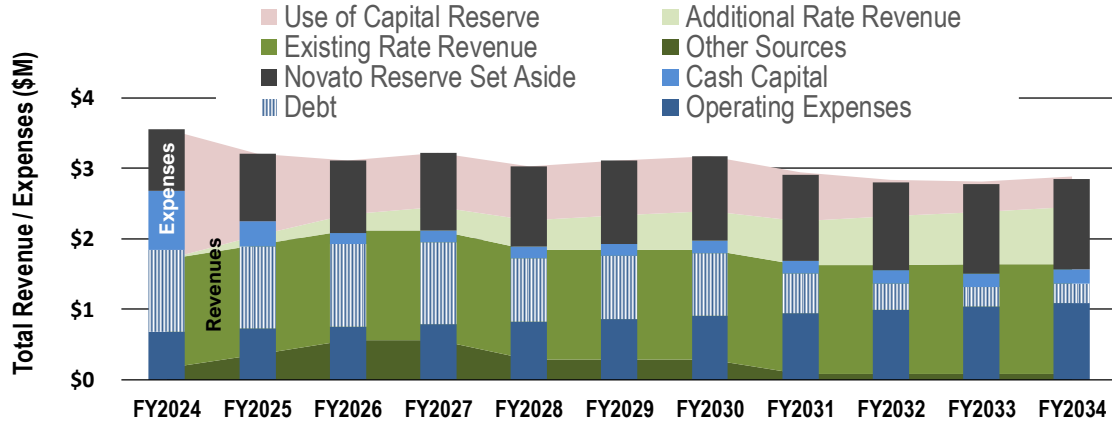
All of the above information was entered into a Recycled Water Enterprise financial planning model to produce a 10-year projection of the sufficiency of revenues to meet current and projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period.

Based upon the previously discussed financial data, assumptions, and policies, this Study proposes a 5-year schedule of rate adjustments which mirror those of the Novato Enterprise, as detailed in **Table 2**.

Table 4: Recommended Recycled Water Enterprise Rate Revenue Increase

Rate Adjustment Date	Proposed Rate Increase
July 1, 2020	8.5%
July 1, 2021	6.0%
July 1, 2022	6.0%
July 1, 2023	4.0%
July 1, 2024	4.0%

The numbers provided in **Schedule 7** (Recycled Water Enterprise cash flow proforma) are summarized graphically in **Figure 8**, which shows that cash reserves and DCR targets are maintained over the course of the planning period.



	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
Proposed Revenue Increases:	8.5%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Combined DCR:	1.48	1.68	1.89	2.04	2.13	2.48	3.31	4.41	4.76	5.87	

Figure 8: Recycled Water Financial Projections with Recommended Rate Increases

After the final recommended increase in FY 2028/29, it is projected that minimal (approximately inflationary) increases will be necessary going forward, barring unforeseen emergencies or changes in infrastructure/operational needs.

Section 3. COST OF SERVICE & RATE STRUCTURE

The Cost-of-Service (COS) analysis evaluates the cost of providing water and recycled water service and to allocate those costs to rate structure components to ensure the proposed rates are aligned with costs to provide service. The COS analysis is done in order to comply with Proposition 218, which requires water rates to be equitably apportioned and proportional to the cost of providing water service.

Upon completion of the COS analysis, a rate structure analysis was performed to evaluate rate structure modifications and calculate specific rate schedules for implementation in FY 2024/25. The complete schedule of proposed rates for FY 2024/25 through FY 2028/29 is detailed in **Schedule 10**.

The rate structure proposed by this Study is designed to:

- ▶ Fairly and equitably recover costs through rates
- ▶ Conform to accepted industry practice and legal requirements
- ▶ Provide fiscal stability and recovery of system fixed costs

This Study employed a COS methodology that is consistent with the “commodity-demand” COSA methodology promulgated in AWWA’s *Manual M1: Principles of Water Rates, Fees, and Charges (M1)*. This is a well-established methodology as recognized by the AWWA and other accepted industry standards.

3.1 CURRENT RATES

The structure for the District’s current potable water and recycled water rates follows a common industry practice with a two-part structure that is comprised of a fixed Service Charge and a consumption-based Quantity Charge. In addition, some potable water customers pay an additional Elevation Zone Charge, which is a consumption-based charge based on the elevation of the property and the necessity to pump water to higher elevations. The Service Customer Charge is scaled based on the individual

account’s meter size and currently recovers approximately 31 percent of rate revenue for the Novato Enterprise and 9 percent of rate revenue for the Recycled Water Enterprise.

The Quantity Charge is assessed based on actual water usage (measured in thousand-gallon increments or “TGALs”) and the rate varies by customer class. Residential potable water customers pay inclining block rates (three tiers) and receive water allocations for each tier as summarized in **Table 5**.

Table 5: Current Residential Potable Tiered Rates

Tier	Rate (per TGAL)	Allocation (gallons per day per dwelling unit)
1	\$6.77	0 - 262
	\$7.67	263 - 720
3	\$9.44	Greater than 720

Commercial (i.e., all non-residential) potable water customers currently pay a uniform season rate as shown in **Table 6**.

Table 6: Current Commercial Seasonal Rates

Season	Rate (per TGAL)
Summer (July through September)	\$9.44
Winter (November through May)	\$6.77

Recycled Water customer classes currently pay a uniform rate of \$7.38 per TGAL.

The Novato Enterprise has two raw water customers that pay a Quantity Charge of \$3.60 per TGAL.

The Elevation Zone Charge is a surcharge added to the potable water Quantity Charges, as summarized **Table 7**.

Table 7: Current Elevation Zone Charges

Zone	Rate (per TGAL)	Elevation
A	\$0.00	0 to 60 ft
B	\$0.93	60 to 200 feet
C	\$2.58	Over 200 feet

3.2 BASIS FOR TIERED RESIDENTIAL USAGE RATES

The District’s tiered rates are made up of two components: the rate and the allocation. The rate is how much is charged per unit of water while the allocation is how much water can be purchased at each. The District uses water supply costs and availability to calculate the rates and the allocations for the tiered rates.

The Residential **Tier 1 rate** is designed to recover the cost of importing water from Sonoma Water (the District’s lowest cost source of water). The rates are calculated based on the costs associated with purchasing and importing the water, as summarized in the “Imported Water” column of **Schedule 8**. Since this imported water constituted about 80 percent of the District’s water usage during a typical year, the allocation of Tier 1 is 262 gallons per day (GPD) per dwelling unit, which results in about 80 percent of water sold to residential accounts to be sold at Tier 1 rates.

The Residential **Tier 2 & 3 rates** are designed to recover the cost of treating local surface water at the Stafford Treatment Plant. These costs are summarized in the “Treated Local Water” column of **Schedule 8**. As a final component, the costs of the District’s Conservation Program are “layered” onto the Tier 2 rates in order to create the **Tier 3 rate**. The costs of the Conservation Program are recovered through the Tier 3 rates because it is those customers that use the most water who create the need for the Conservation Program. The sale of water in Tier 2 and Tier 3 will collectively amount to about 19 percent of the potable water sales (and this is also the proportion of the District water that typically comes from the Stafford Treatment Plant). The Tier 2 allocation is 458 GPD per dwelling unit (i.e., for water usage between 262 GPD to 720 GPD), which results in about 16 percent of water sold to residential accounts to be sold

at Tier 2 rates. The remaining 3 percent is sold at Tier 3 rates, which is a reasonable percentage for the purpose of isolating those customers that use the most water.

Figure 9 and **Figure 10** present graphical summaries of the cost basis and allocation basis for the tiered rates and uniform rates, respectively.

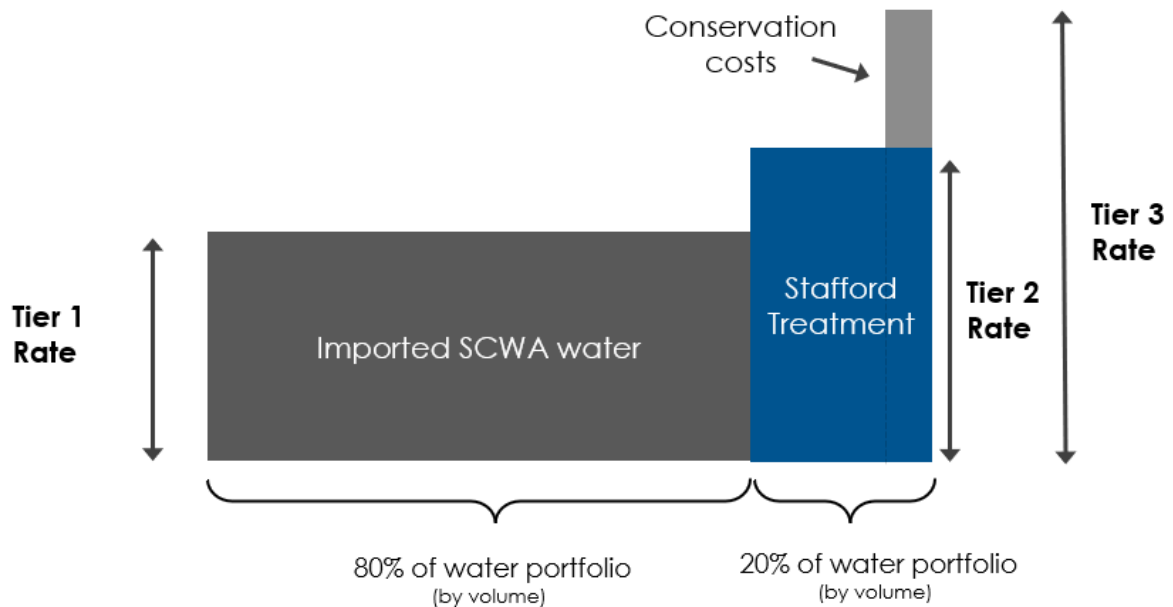


Figure 9: Basis for Tiered Rate Costs and Allocations

3.3 UNIFORM COMMERCIAL USAGE RATES

This Study recommends replacing the seasonal commercial rates with a simple, year-round uniform rate. The seasonal rates were originally implemented to reflect the higher cost of water during peak summer months (since much of that water came from the more expensive Stafford Lake). However, changes to the relative use of Stafford Lake water and the fact that Stafford Lake treatment plant is operational during many other months besides the summer, leads to the recommendation of a simple, year-round uniform rate for commercial customers. The uniform rate includes a proportionate blend of all costs, including the cost of Sonoma Water and Stafford Lake water, as well as the cost of the conservation program. The weighted average rate paid

by all residential customers will be equal to the proposed uniform commercial rate, thus meeting the proportionality requirements of Proposition 218.

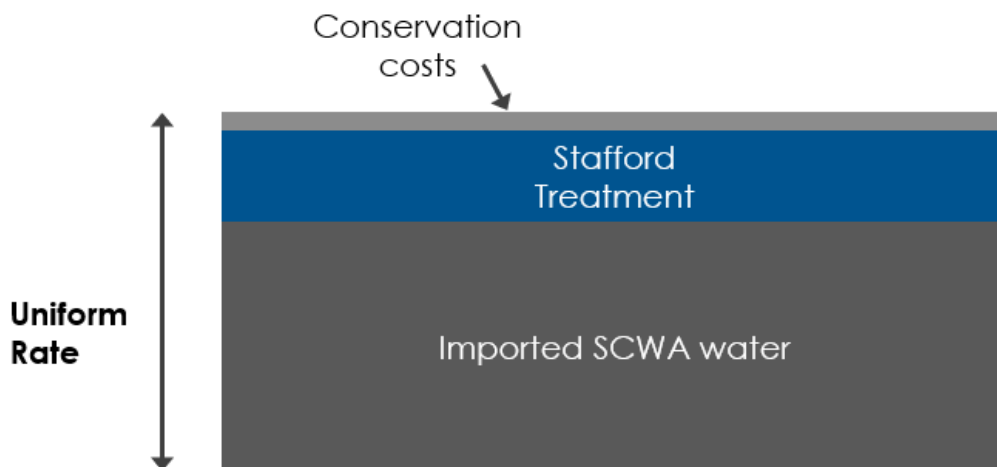


Figure 10: Basis for Uniform Rate

3.4 RATE STRUCTURE DEVELOPMENT – NOVATO ENTERPRISE

The following section presents a detailed description of the process for developing the water rate structure for the Novato Enterprise using cost of service principles. The following rates are proposed to be adopted for FY 2024/25. A complete schedule of proposed rates is provided in **Schedule 10**.

3.4.1 Cost Functions - Novato Enterprise

All costs for the Novato Enterprise’s FY 2024/25 (“Test Year”) are allocated to seven (7) system functions: Customer Service, Water Delivery, Imported Water, Water Treatment, Conservation, Raw Water, and Pressure System (i.e., the pumping system which pressurized the water for delivery through-out the service area). These grouped costs will eventually form the basis of the proposed Service Charges, Quantity Charges and Elevation Zone Charges (as illustrated in **Figure 11**).

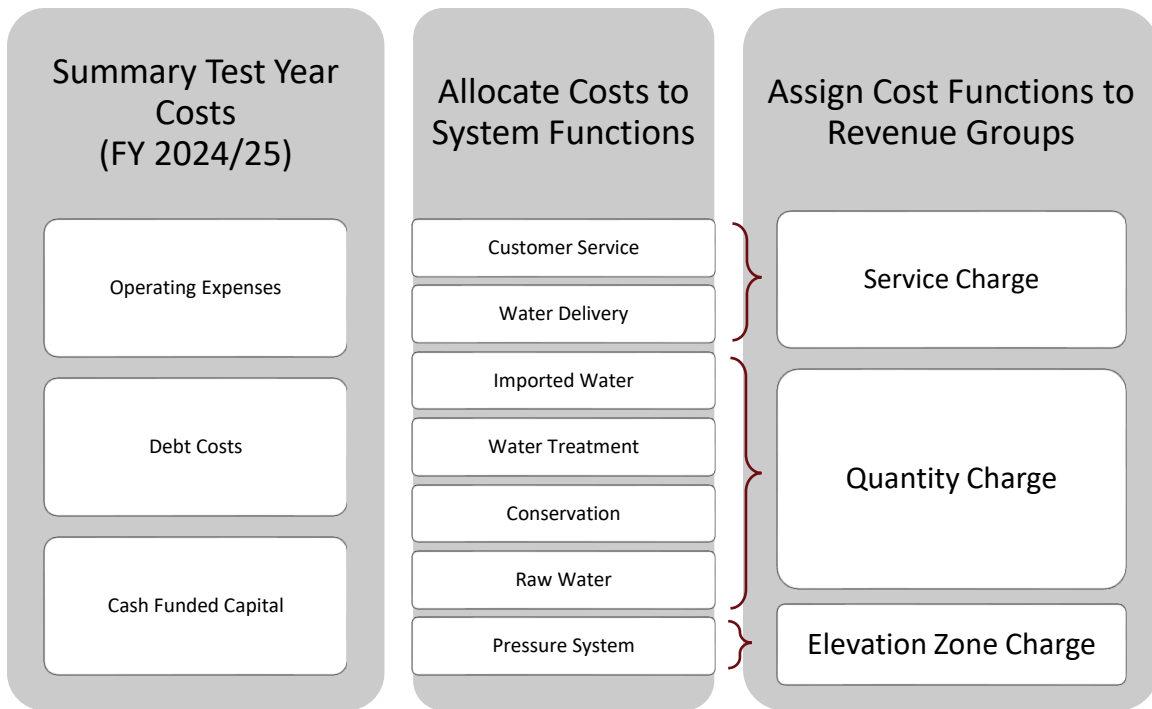


Figure 11: Novato Enterprise Cost Functions

Operating and capital line-item expenses are assigned to a specific system function or activity. The following explains the percent allocations that are detailed in **Schedule 8**:

- Direct allocations - Some costs can be allocated directly to a functional component. For example, on Row 9 purchased water costs are allocated 100 percent to the Imported Water function.
- Asset value-based allocations – Some line items are allocated to functions based on the value of existing District assets¹¹ in the relevant functions. Asset values are a reasonable proxy for estimating the cost to operate and maintain various functions within the system. Rows 1 through 3 of **Table 8** show how asset values are proportionately divided among Functional Components. Row 1 shows the relative value for all assets, while Rows 2 and 3 show the relative value of assets when isolating certain functions. For example, the relative value of all assets

¹¹ This Study used the replacement cost new less depreciation (RCNLD) of assets in the District’s asset register.

except raw water assets (see Row 2 of Table 8) is used to allocate the costs of debt (see Row 95 of Schedule 8).

- Source of Supply allocation - Costs associated with verifying water quality are split between Imported Water and Treated Water based on the amount of water used by each source (80.4 percent and 19.6 percent, respectively).
- Lake Water Utilization allocation - Costs associated with managing Stafford Lake not including the treatment plant (see Rows 3 through 8 of Schedule 8) are split between Water Treatment and Raw Water based on the amount of water used by each customer group (377 million gallons and 54 million gallons per year on average, respectively).
- Indirect cost allocation - Beginning with Row 68 of Schedule 8, many costs are allocated using the indirect cost allocation method, which is based on the proportionate allocation of all costs that were previously allocated to the respective system functions (see Row 67 of Schedule 8 and Row 6 of Table 8). General & Administration (G&A) costs are allocated on the indirect allocation basis (excluding conservation, see Row 7 of Table 8). In this case the Account Charge component (10.8 percent) also includes the Meter Charge component (an additional 18.4 percent) because Account Charge costs are allocated to customers on a per-account basis, which is appropriate for G&A costs (this concept is explained in more detail in Section 3.4.3).

Table 8: System Function Allocation Percentages

	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System
Asset Value Based Allocations							
1		42.4%	23.1%	12.4%		3.2%	18.9%
2		43.8%	23.9%	12.8%			19.5%
3			40.1%	21.5%		5.6%	32.8%
Other Allocation Bases							
4			80.4%	19.6%			
5				87.4%		12.6%	
6	10.5%	18.0%	48.4%	15.1%	2.3%	0.60%	5.0%
7	10.8%	18.4%	49.6%	15.5%		0.6%	5.1%
8	10.6%	18.1%	48.7%	15.2%	2.3%		5.0%

3.4.2 Allocating Non-Rate Revenue - Novato Enterprise

A final cost allocation step is accounting for the change in fund balance and non-rate revenue that effectively offsets some of the costs that would otherwise need to be recovered through rates. Non-rate revenue includes sources such as interest income, miscellaneous fees, and limited property taxes, as previously described. The change in fund balance (a draw down on reserves, which is treated as a source of revenue in this case for accounting purposes) is “credited back” to each function using the indirect allocation percentages (see Row 97 of Schedule 8). The District uses reasonable discretion in crediting the non-rate revenues to each system function as shown on Row 98 of Schedule 8 and **Table 9**).

Table 9 below summarizes the allocation of all expenses and non-rate revenues to each system function, which establishes the rate revenue requirement for each function.

Table 9: Novato Rate Revenue Requirement by Function

	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System
Total Expenses	\$3,434,700	\$5,089,000	\$11,731,500	\$3,952,700	\$352,100	\$198,100	\$2,134,700
Less Change in Fund Balance	(\$102,200)	(\$174,600)	(\$469,700)	(\$146,600)	(\$22,600)	(\$5,800)	(\$48,500)
Less Non-Rate Revenue			(\$561,200)	(\$505,900)	(\$84,900)		
Rate Revenue Requirement	\$3,332,500	\$4,914,400	\$10,700,600	\$3,300,200	\$244,600	\$192,300	\$2,086,200

3.4.3 Units of Service – Novato Enterprise

As explained in Section 3.4.1, the revenue requirements established for each system function (see Table 9) are recovered through the Bi-Monthly Service Charge, the Quantity Charge and the Elevation Zone Charge. Those charges are calculated by dividing the rate Revenue requirement of each system function by an appropriate metric. For example, the Account Charge revenue requirement is divided by the number of accounts in the Novato Enterprise to calculate a cost per account.

The following describes the units of service that were quantified for this Study.

Accounts – This is a count of all water accounts within the Novato Enterprise.

Equivalent Meters – Larger meters have the capacity to place higher demands on the water system than smaller meters. To relate the potential demands on the water system from customers with different size water meters, hydraulic capacity factors are used to determine the number of equivalent meters represented by the total customer base with variable meter sizes. **Table 10** shows the calculation of the total equivalent meters for potable water accounts in the Novato service area, including the hydraulic capacity factors (based on the rated flow capacity of various meter sizes) used to determine the number of equivalent meters. For the purposes of rate analysis, a 5/8” meter is assigned a hydraulic capacity factor of 1.0. The ratios of rated flow capacities of the various meter sizes to the capacity of a 5/8” meter are used to determine the capacity factors for other meter sizes. This capacity relationship across meter sizes is used to allocate capacity-related fixed costs to various customers; this is a common rate-setting practice used in the water industry.

Table 10: Novato Potable Water Meter Equivalencies

Meter Size	5/8"	1"	1.5"	2"	3"	4"	6"	8"	Total
Residential:	18,502	628	143	57			1		19,331
Commercial:	554	381	248	161	18	9	1	1	1,373
Total:	19,056	1,009	391	218	18	9	2	1	20,704
Flow Rating (gpm)*:	20	50	100	160	320	500	1,000	1,300	
Meter Equivalency:	1.0	2.5	5.0	8.0	16.0	25.0	50.0	65.0	
Equivalent Meters:	19,056	2,523	1,955	1,744	288	225	100	65	25,956

* AWWA M1 Manual, 7th edition, Table B-2

Imported Water – Over the past five years the District has, on average, purchased about 80.4 percent of its water supply from Sonoma Water (or approximately 1.9 billion gallons per year).

Treated Local Water – Over the same period, the Stafford Treatment Plant has, on average, supplied the remaining 20 percent of the District’s water supply (or approximately 454 million gallons (MG) per year).

Conservation – The costs for the District’s conservation program are recovered through Residential Tier 3 rates and Commercial uniform rates. The quantity of water to be sold at Tier 3 rates is expected to be approximately 2.8 percent of residential water sales.

Raw Water – Raw water customers utilized 54.4 million gallons of water in FY 2022/23, which is assumed to be a representative quantity for purposes of this Study.

Table 11 presents a summary of the units of service used for the purpose of calculating unit costs for each system function. When the 80.4 percent of imported water is applied to total retail water sales, the amount of water to be sold at the corresponding rate is 1.62 million gallons. The remaining 376 million gallons of retail water sales should correspond to the cost of treated Stafford Lake water.

Table 11: Units of Service (FY 2017)

System Function	Units of Service
Number of Customers	20,704 Accounts
Distribution System Utilization	25,956 EMs
Imported Water Volume	1,618.5 MG
Local Treated Water Volume	376.7 MG
Conservation	55.7 MG
Raw Water Volume	54.4 MG

3.4.4 Unit Costs – Novato Enterprise

The revenue requirements for each system function (see Table 9) are divided by the appropriate units of service (see Table 11) in order to calculate the unit costs that will build the rate structure. These calculations are shown in **Table 12**.

Table 12: Calculation of Unit Costs – Novato Enterprise

System Function:	Customer	Distribution System	Imported Water	Treated Local Water	Conservation	Raw Water
Units of Service:	20,704 Accounts	25,956 Equivalent Meters	1,618,505 TGALs	376,661 TGALs	55,736 TGALs	54,429 TGALs
Revenue Requirement:	\$3,332,500	\$4,914,400	\$10,700,600	\$3,300,200	\$244,600	\$192,300
Unit Costs:	\$160.96 per account per year	\$189.34 per equivalent meter per year	\$6.61 per TGAL for Tier 1 Water	\$8.76 per TGAL for Tier 2 & 3 Water	\$4.39 per TGAL for Tier 2 & 3 Water	\$3.53 per TGAL for Raw Water
	\$26.83 per account per bi-month	\$31.56 per equivalent meter per bi-month	and \$7.14 per TGAL for Uniform Rates			

3.4.5 Elevation Zone Charge

All potable water in the Novato service area is pressurized when delivered to customers. The District must provide additional pressurization to deliver water to customers located at higher elevations. This Study updates the existing Elevation Zone Charges based on current costs.

As a first step, the revenue requirements associated with the pressure system were calculated (\$2,031,200 see Table 9). Next the existing cost relationships between the elevation zones were used to calculate elevation “factors” (see column b of Table 13). These factors were multiplied by the amount of water sold in each zone (column c) to derive “scaled” TGALs (Column d). The revenue requirement (\$2,031,200) was divided by the “scaled” TGALs (5,211,650) to calculate the unit cost per scaled TGAL (\$0.39), which is then multiplied by the elevation factor to calculate the cost per TGAL for each zone (Column e). The Zone A pumping costs are included in all Quantity Charges, therefore the Elevation Zone surcharges for Zone B and Zone C are shown in Column e.

Table 13: Elevation Zone Charge Calculation

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
	Elevation Range (ft)	Average Elevation (ft)	Elevation "Factor"	Water Usage (TGAL)	"Scaled" TGALs	Cost per TGAL	Current Charge (per TGAL)	Proposed Surcharge (per TGAL)	Increase (%)
Zone A:	0 - 60	40	1.0	897,200	897,200	\$0.40	(na)	(na)	(na)
Zone B:	60 - 200	132	3.3	945,700	3,120,810	\$1.32	\$0.93	\$0.92	-1.1%
Zone C:	200+	294	7.4	162,400	1,193,640	\$2.94	\$2.58	\$2.54	-1.6%
		Total:	Total:	2,005,300	5,211,650				

3.4.6 Service Charges – Novato Enterprise

The fixed Service Charge is made up of an account charge (\$26.83 per bi-month) and a meter charge (\$31.56 per equivalent meter per bi-month). **Table 14** provides a complete schedule for all meter sizes in the Novato service area.

Table 14: Proposed Service Charges – Novato Enterprise

Meter Size	Account Charge	Meter Charge	Bi-Monthly Service Charge
5/8" *	\$26.83	\$31.56	\$58.39
1"	\$26.83	\$78.90	\$105.73
1.5"	\$26.83	\$157.80	\$184.63
2"	\$26.83	\$252.48	\$279.31
3"	\$26.83	\$504.96	\$531.79
4"	\$26.83	\$789.00	\$815.83
6"	\$26.83	\$1,578.00	\$1,604.83
8"	\$26.83	\$2,051.40	\$2,078.23

* The District charges residential accounts that have a 1” meter but would otherwise have a 5/8” meter but-for fire requirements at the 5/8” meter rate.

3.4.7 Quantity Charge – Novato Enterprise

The residential, commercial and raw water Quantity Charges are calculated by combining the unit costs shown in Table 12 and Table 13 (with exception to Raw Water which does not pay the elevation charge since those customers do not receive pumping services from the District). For example, the Tier 1 unit cost from Table 12 (\$6.61 per TGAL) is combined with the Zone A Elevation Zone Charge (\$0.40) for a total of \$7.01 for

Tier 1 Zone A. The various combinations of adding these unit costs together are summarized below in Table 15.

Table 15: Proposed Quantity Charges – Novato Enterprise

	Zone A	Zone B	Zone C
Residential Quantity Charges (per TGAL)			
Tier 1	\$7.01	\$7.93	\$9.55
Tier 2	\$9.16	\$10.08	\$11.70
Tier 3	\$13.55	\$14.47	\$16.09
Commercial Quantity Charges (per TGAL)			
Uniform	\$7.54	\$8.46	\$10.08
Other Quantity Charges (per TGAL)			
Raw Water	\$3.53	(na)	(na)
Temporary Meter	\$10.08	(na)	(na)

† Temporary Meters are charged the Tier 2, Zone B Quantity Charge and a Service Charge depending on the size of the construction meter. It is reasonable to charge Temporary Meter customers for the District’s more costly source of water (reflected in Tier 2 rates) and for the “middle” elevation zone (Zone B) since the meters may be installed in various zones.

3.5 RATE STRUCTURE DEVELOPMENT – RECYCLED WATER ENTERPRISE

The following section presents a detailed description of the process for developing the water rate structure for the Recycled Water Enterprise using the same cost of service principles as for the Novato Enterprise. The following rates are proposed to be adopted for FY 2024/25. A complete schedule of proposed rates is provided in **Schedule 10**.

3.5.1 Cost Functions – Recycled Water Enterprise

All costs for the enterprise’s FY 2024/25 Test Year are first allocated to three (3) system functions: Customer Service, Water Delivery, and Water Treatment, as illustrated in **Figure 11**. These grouped costs will eventually form the basis of the proposed Service Charge and Quantity Charge.

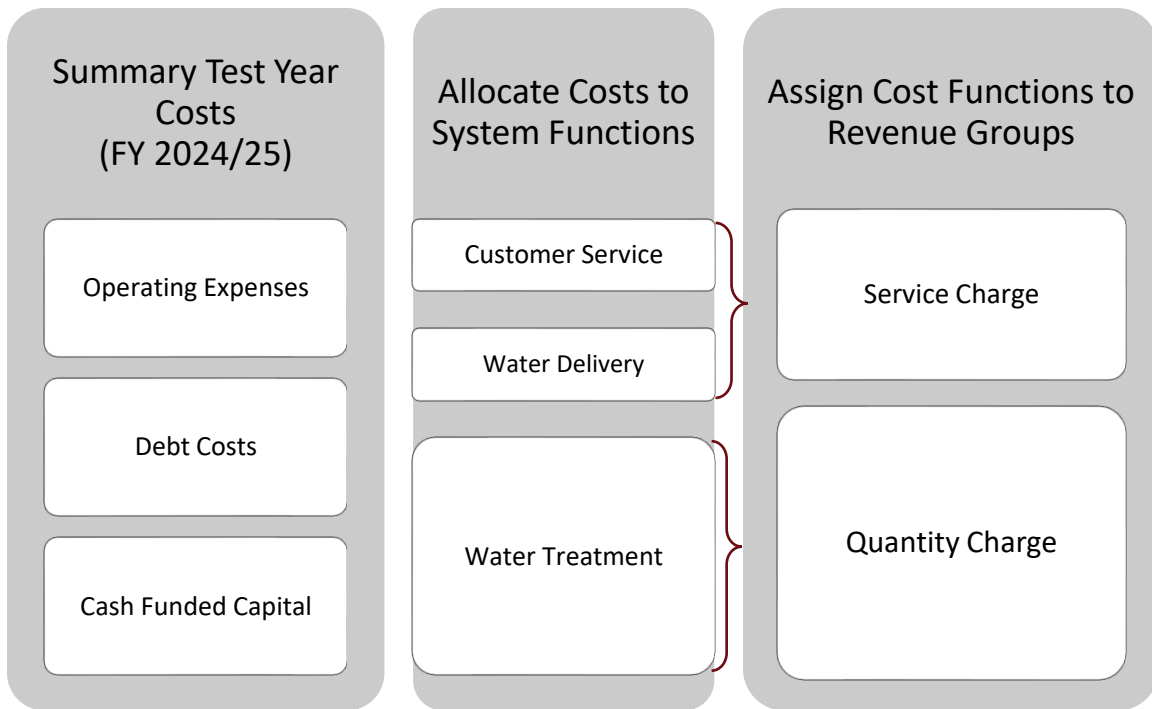


Figure 12: Recycled Water Cost Functions

Operating and capital line-item expenses are assigned to a specific system function. As shown in **Schedule 9**, all costs can be allocated directly to a functional component.

3.5.2 Allocating Non-Rate Revenue - Recycled Water Enterprise

As explained in Section 3.4.1, non-rate revenue is used to offset costs that would otherwise need to be recovered through rates. Non-rate revenue is allocated to functional components using the indirect cost allocation method (for explanation, see Section 3.4.1).

Table 16 below summarizes the allocation of all expenses and non-rate revenues to each Recycled Water system function, which establishes the rate revenue requirement for each function.

Table 16: Recycled Water Rate Revenue Requirement by Function

	Account Charge	Meter Charge	Quantity Charge
Total Expenses	\$52,500	\$342,900	\$2,253,400
Less Non-Rate Revenue	(\$43,100)	(\$47,000)	(\$874,900)
Rate Revenue Requirement	\$9,400	\$295,900	\$1,378,500
	0.6%	17.6%	81.9%

3.5.3 Units of Service – Recycled Water Enterprise

As explained in Section 3.4.1, the revenue requirements established for each system function (see Table 16) are recovered through the Service Charge and Quantity Charge, respectively. Those charges are calculated by dividing the Rate Revenue Requirement of each system function by an appropriate metric.

Accounts – This is a count of all Recycled Water accounts.

Equivalent Meters –Table 17 shows the calculation of the total Recycled Water equivalent meters.

Table 17: Recycled Water Enterprise Meter Equivalencies

Meter Size	5/8"	1"	1.5"	2"	3"	4"	6"	Total
Count	2	12	36	44	3	0	2	99
Total:	2	12	36	44	3	0	2	99
Flow Rating (gpm)*:	20	50	100	160	320	500	1,000	1,300
Meter Equivalency:	1.0	2.5	5.0	8.0	16.0	25.0	50.0	65.0
Equivalent Meters:	2	30	180	352	48	0	100	712

* AWWA M1 Manual, 7th edition, Table B-2

Treated Wastewater (sold as Recycled Water) – During the most recent billing period, the Recycled Water Enterprise sold 204 MG.

3.5.4 Unit Costs – Recycled Water Enterprise

The revenue requirements for each system function (Table 9) are divided by the appropriate units of service (Section 3.4.3) in order to calculate the unit costs that will build the rate structure. These calculations are shown in Table 18.

Table 18: Calculation of Unit Costs – Recycled Water Enterprise

System Function:	Customer	Distribution System	Treated Wastewater
Units of Service:	99 Accounts	712 Equivalent Meters	204,100 TGALs
Revenue Requirement:	\$9,400	\$295,900	\$1,378,500
Unit Costs:	\$94.95 per account per year or \$15.82 per account per bi-month	\$415.59 Per equivalent meter per year or \$69.26 Per equivalent meter per bi- month	\$6.75 Per TGAL

3.5.5 Service Charges – Recycled Water Enterprise

The fixed Service Charge is made up of the account charge (\$15.82 per bi-month) and the meter charge (\$69.26 per equivalent meter per bi-month). Table 19 provides a complete schedule for all meter sizes in the Recycled Water service area.

**Table 19: Proposed Service Charges – Recycled Water
 Enterprise**

Meter Size	Account Charge	Meter Charge	Bi-Monthly Service Charge
5/8"	\$15.82	\$69.26	\$85.08
1"	\$15.82	\$173.15	\$188.97
1.5"	\$15.82	\$346.30	\$362.12
2"	\$15.82	\$554.08	\$569.90
3"	\$15.82	\$1,108.16	\$1,123.98
4"	\$15.82	\$1,731.50	\$1,747.32
6"	\$15.82	\$3,463.00	\$3,478.82

3.5.6 Quantity Charge – Recycled Water Enterprise

The Quantity Charge for Recycled Water of \$6.75 per TGAL is calculated in Table 18.

Section 4. PASS-THROUGH OF WHOLESALE WATER COSTS

Over the past 20 years, changes to Sonoma Water rates have ranged from as high as 24 percent to as low as 1 percent. In the past two years, both Sonoma Water rate increases were above 11 percent. Since these costs are not noticed to member agencies until months before being implemented, it is difficult for this financial plan to accurately forecast the future cost increases in wholesale water over a 5 to 10-year period. This Study could “prepare for the worst” in order to avoid a revenue shortfall and adopt rates that assume that Sonoma Water rate increases will continue to be in the range of 12 percent or higher; however, if the wholesale water rates do not actually increase by that amount, NMWD would find itself in a position of having adopted water rates that would overcharge its customers. While it could be argued that all cost projections carry such risks, wholesale water is different for three important reasons: (1) it is Novato’s single largest purchasing expense, (2) the increase in costs is systematically volatile, and (3) California state law (Government Code Section 53756) offers a remedy to retail utility in

such situations by specifically allowing them to “pass-through” increases to the cost of wholesale water to its customers. Such a Pass-Through Provision is an adopted procedure for automatically adjusting water rates to account for the effects changes in wholesale water supply costs. The provision can be adopted for a five-year period.

The Pass-Through Provision would only affect Tier 1 rates (Residential) and Uniform (Commercial) Rates since Sonoma Water costs only affect those two rate components (see Schedule 8). As such, all Novato water rates will increase as shown in Schedule 10, whereas Tier 1 and Uniform rates will increase as shown in *Equation 1* and *Equation 2*, respectively.

Equation 1 – Pass-Through Formula For Tier 1

$$\text{Tier } 1_N = (\text{Tier } 1_c \times (1 + \text{NMRI})) \times 39.3\% + (\text{Tier } 1_c \times (1 + \text{SWRI})) \times 60.7\%$$

whereby,

Tier 1_N = New Tier 1 rate (for fiscal year X)

Tier 1_c = Current Tier 1 rate (for fiscal year X – 1)

NMRI = NMWD rate increase for fiscal year X (percentage)

SWRI = Sonoma Water rate increase for fiscal year X (percentage)

Equation 2 – Pass-Through Formula For Uniform Rates

$$\text{Uniform}_N = (\text{Uniform}_c \times (1 + \text{NMRI})) \times 54.4\% + (\text{Uniform}_c \times (1 + \text{SWRI})) \times 45.6\%$$

whereby,

Uniform_N = New Tier 1 Rates (for fiscal year X)

Uniform_c = Current Uniform rate (for fiscal year X – 1)

NMRI = NMWD rate increase for fiscal year X (percentage)

SWRI = Sonoma Water rate increase for fiscal year X (percentage)

The percentages in *Equation 1* and *Equation 2* were derived based on the proportion of costs in each rate that is attributable to Sonoma Water costs.

Equation 3 shows an example calculation for a hypothetical 12 percent increase in Sonoma Water rates and charges for FY 2025/26 (during which NMWD adopted a 5 percent rate increase).

Equation 3 – Example Calculation of Pass-Through For Tier 1

$$\textit{Tier 1}_N = (\$7.01 \times (1+6\%)) \times 39.3\% + (\$7.01 \times (1+12\%)) \times 60.7\%$$

$$\textit{Tier 1}_N = (\$7.01 \times (1.06)) \times 39.3\% + (\$7.01 \times (1.12)) \times 60.7\%$$

$$\textit{Tier 1}_N = (\$7.431 \times 39.3\% + \$7.851 \times 60.7\%)$$

$$\textit{Tier 1}_N = (\$2.92 + \$4.77)$$

$$\textit{Tier 1}_N = \$7.69$$

The pass-through calculation does not apply to the FY 2024/25 rates because revenue requirements and cost recovery were calculated based on the FY 2024/25 water supply costs, for which Sonoma Water rates are already known (within reason).

Section 5. ADOPTION OF RATES AND CONCLUSION

This Study has calculated, and is proposing, a 5-year schedule of water rates (see Schedule 10), which includes a pass-through provision wholesale water costs which will affect Tier 1 rates and the (potable) uniform rates. All rates are proposed to be effective as of July 1.

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the rates will allow the District to continue to provide reliable service to customers while meeting the state's mandates.

The water rates will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed charges to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

The application of the pass-through provision will need to be notified to all affected customers at least 30 days prior to implementing the new rates. Such notice may be given as provided in California Government Code section 53755(a), by including it in the District's regular billing statement. Given the District's bimonthly billing schedule, this means that the rate schedule for each upcoming fiscal year should be noticed to rate payers before the end of April.

SCHEDULES

Schedule 1 – Novato Enterprise Projected Cash Inflows

Schedule 2 - Novato Enterprise Projected Cash Outflows

Schedule 3 - Novato Enterprise Capital Spending Plan

Schedule 4 - Novato Enterprise Cash Flow Pro Forma

Schedule 5 –Recycled Water Enterprise Projected Cash Inflows

Schedule 6 - Recycled Water Enterprise Projected Cash Outflows

Schedule 7 - Recycled Water Enterprise Cash Flow Pro Forma

Schedule 8 – Allocation of Costs to System Functions – Novato

Schedule 9 – Allocation of Costs to System Functions – Recycled Water

Schedule 10 – Schedule of Proposed Rates

Novato Enterprise Budgeted and Projected Cash Inflows

Schedule 1

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
1 Growth in Water Accounts	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
2 Proposed Water Rate Increase		8.5%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rate Revenue											
3 Water Rate Revenue	\$22,802,000	\$22,802,000	\$24,770,000	\$25,890,000	\$27,079,000	\$27,929,000	\$28,814,000	\$29,512,000	\$30,232,000	\$30,975,000	\$31,741,000
4 Increase due to growth		\$30,000	\$24,000	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000	\$31,000	\$32,000	\$33,000
5 Increase due to new rate adjustments		\$1,938,000	\$1,096,000	\$1,163,000	\$823,000	\$857,000	\$669,000	\$690,000	\$712,000	\$734,000	\$757,000
6 Total Rate Revenue	\$22,802,000	\$24,770,000	\$25,890,000	\$27,079,000	\$27,929,000	\$28,814,000	\$29,512,000	\$30,232,000	\$30,975,000	\$31,741,000	\$32,531,000
Other Revenue:											
7 Account Turn-on Charges	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000
8 New Account Charges	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
9 Returned Check Charges	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
10 Hydrant Meter Up/Down Charges	\$3,800	\$3,900	\$4,000	\$4,000	\$4,100	\$4,200	\$4,300	\$4,400	\$4,400	\$4,500	\$4,600
11 Backflow Service Charges	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000	\$172,000
12 Lab Service-Outside Clients	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
13 Wheeling Charges - MMWD	\$140,000	\$144,200	\$148,500	\$153,000	\$157,600	\$162,300	\$167,200	\$172,200	\$177,300	\$182,700	\$188,100
14 Other Non-Operating Revenue	\$36,400	36,400	36,400	36,400	36,400	36,400	36,400	36,400	36,400	36,400	36,400
15 MMWD AEEP Capital Contribution	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	0
16 Rents & Leases	75,000	77,000	80,000	82,000	84,000	87,000	90,000	92,000	95,000	98,000	101,000
17 Interest Earnings	201,000	257,000	252,000	390,000	382,000	348,000	316,000	268,000	241,000	254,000	254,000
18 Property Tax Proceeds	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
19 FRC Revenue	575,000	792,680	792,680	792,680	792,680	792,680	792,680	792,680	792,680	792,680	792,680
20 Total Other Revenue	\$1,664,400	\$1,944,380	\$1,946,780	\$2,091,280	\$2,089,980	\$2,063,780	\$2,039,780	\$1,998,880	\$1,979,980	\$2,001,480	\$1,804,980
21 TOTAL REVENUE	\$24,466,400	\$26,714,380	\$27,836,780	\$29,170,280	\$30,018,980	\$30,877,780	\$31,551,780	\$32,230,880	\$32,954,980	\$33,742,480	\$34,335,980

Novato Enterprise Budgeted and Projected Operating & Debt Expenses

Schedule 2 (1 of 3)

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
SOURCE OF SUPPLY											
1 Supervision & Engineering	\$8,000	\$8,000	\$8,200	\$8,500	\$8,700	\$9,000	\$9,300	\$9,600	\$9,800	\$10,100	\$10,400
2 Operating Expense - Source	\$5,000	\$5,000	\$5,200	\$5,300	\$5,500	\$5,600	\$5,800	\$6,000	\$6,100	\$6,300	\$6,500
3 Maint/Monitoring of Dam	\$36,000	\$36,000	\$37,100	\$38,200	\$39,300	\$40,500	\$41,700	\$43,000	\$44,300	\$45,600	\$47,000
4 Maint of Lake & Intakes	\$8,000	\$8,000	\$8,200	\$8,500	\$8,700	\$9,000	\$9,300	\$9,600	\$9,800	\$10,100	\$10,400
5 Maint of Watershed	\$20,000	\$20,000	\$20,600	\$21,200	\$21,900	\$22,500	\$23,200	\$23,900	\$24,600	\$25,300	\$26,100
6 Water Quality Surveillance	\$2,000	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600
7 Fishery Maint	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
8 Erosion Control	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
9 Purchased Water	\$6,580,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000
PUMPING											
10 Maint of Structures & Grounds	33,000	33,000	34,000	35,000	36,100	37,100	38,300	39,400	40,600	41,800	43,100
11 Maint of Pumping Equipment	35,000	35,000	36,100	37,100	38,200	39,400	40,600	41,800	43,000	44,300	45,700
12 Electric Power	450,000	504,000	529,200	555,700	583,400	612,600	643,200	675,400	709,200	744,600	781,900
OPERATIONS											
13 Supervision & Engineering	291,000	291,000	299,700	308,700	318,000	327,500	337,300	347,500	357,900	368,600	379,700
14 Operating Expense - Operations	506,000	506,000	521,200	536,800	552,900	569,500	586,600	604,200	622,300	641,000	660,200
15 Maintenance Expense	59,000	59,000	60,800	62,600	64,500	66,400	68,400	70,400	72,600	74,700	77,000
16 Telemetry Equipment/Controls Maint	60,000	60,000	61,800	63,700	65,600	67,500	69,600	71,600	73,800	76,000	78,300
17 Leased Lines	25,000	25,000	25,800	26,500	27,300	28,100	29,000	29,900	30,700	31,700	32,600
WATER TREATMENT											
18 Supervision & Engineering	247,000	247,000	254,400	262,000	269,900	278,000	286,300	294,900	303,800	312,900	322,300
19 Operating Expense - Water Treatment	362,000	362,000	372,900	384,000	395,600	407,400	419,700	432,200	445,200	458,600	472,300
20 Purification Chemicals	480,000	528,000	554,400	582,100	611,200	629,600	648,400	667,900	687,900	708,600	729,800
21 Sludge Disposal	118,000	121,500	125,200	128,900	132,800	136,800	140,900	145,100	149,500	154,000	158,600
22 Maint of Structures & Grounds	96,000	96,000	98,900	101,800	104,900	108,000	111,300	114,600	118,100	121,600	125,300
23 Maint of Purification Equipment	419,000	419,000	431,600	444,500	457,900	471,600	485,700	500,300	515,300	530,800	546,700
24 Electric Power	166,000	185,900	195,200	205,000	215,200	226,000	237,300	249,200	261,600	274,700	288,400
25 Water Quality Programs	93,000	93,000	95,800	98,700	101,600	104,700	107,800	111,000	114,400	117,800	121,300
26 Laboratory Direct Labor	406,000	406,000	418,200	430,700	443,600	457,000	470,700	484,800	499,300	514,300	529,700
27 Lab Service-Outside Clients	12,000	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700	16,100
28 Water Quality Supervision	100,000	100,000	103,000	106,100	109,300	112,600	115,900	119,400	123,000	126,700	130,500
29 Laboratory Supplies & Expense	116,000	116,000	119,500	123,100	126,800	130,600	134,500	138,500	142,700	146,900	151,400
30 Customer Water Quality	40,000	40,000	41,200	42,400	43,700	45,000	46,400	47,800	49,200	50,700	52,200
31 Lab Cost Distributed	(38,000)	(38,000)	(39,100)	(40,300)	(41,500)	(42,800)	(44,100)	(45,400)	(46,700)	(48,100)	(49,600)

Novato Enterprise Budgeted and Projected Operating & Debt Expenses (existing)

Schedule 2 (2 of 3)

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
TRANSMISSION & DISTRIBUTION											
32 Supervision & Engineering	759,000	759,000	781,800	805,200	829,400	854,300	879,900	906,300	933,500	961,500	990,300
33 Maps & Records	247,000	247,000	254,400	262,000	269,900	278,000	286,300	294,900	303,800	312,900	322,300
34 Operation of T&D System	163,000	163,000	167,900	172,900	178,100	183,500	189,000	194,600	200,500	206,500	212,700
35 Facilities Location	144,000	144,000	148,300	152,800	157,400	162,100	166,900	171,900	177,100	182,400	187,900
36 Safety: Construction & Engineering	70,000	70,000	72,100	74,300	76,500	78,800	81,100	83,600	86,100	88,700	91,300
37 Customer Service Expense	239,000	239,000	246,200	253,600	261,200	269,000	277,100	285,400	293,900	302,800	311,800
38 Flushing	38,000	38,000	39,100	40,300	41,500	42,800	44,100	45,400	46,700	48,100	49,600
39 Storage Facilities Expense	132,000	132,000	136,000	140,000	144,200	148,600	153,000	157,600	162,300	167,200	172,200
40 Cathodic Protection	12,000	12,000	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700
41 Maint of Valves/Regulators	155,000	155,000	159,700	164,400	169,400	174,500	179,700	185,100	190,600	196,300	202,200
42 Maint of Mains	200,000	200,000	206,000	212,200	218,500	225,100	231,900	238,800	246,000	253,400	261,000
43 Leak Detection - Mains	19,000	19,000	19,600	20,200	20,800	21,400	22,000	22,700	23,400	24,100	24,800
44 Backflow Prevention Program	356,000	356,000	366,700	377,700	389,000	400,700	412,700	425,100	437,800	451,000	464,500
45 Maint of Copper Services	176,000	176,000	181,300	186,700	192,300	198,100	204,000	210,200	216,500	223,000	229,600
46 Maint of PB Service Lines	409,000	409,000	421,300	433,900	446,900	460,300	474,100	488,400	503,000	518,100	533,700
47 Single Service Installations	21,000	21,000	21,600	22,300	22,900	23,600	24,300	25,100	25,800	26,600	27,400
48 Maint of Meters	154,000	154,000	158,600	163,400	168,300	173,300	178,500	183,900	189,400	195,100	200,900
49 Detector Check Assembly Maint	95,000	95,000	97,900	100,800	103,800	106,900	110,100	113,400	116,800	120,300	124,000
50 Maint of Hydrants	56,000	56,000	57,700	59,400	61,200	63,000	64,900	66,900	68,900	70,900	73,100
CONSUMER ACCOUNTING											
51 Meter Reading	27,000	27,000	27,800	28,600	29,500	30,400	31,300	32,200	33,200	34,200	35,200
52 Collection Expense - Labor	12,000	12,000	12,400	12,700	13,100	13,500	13,900	14,300	14,800	15,200	15,700
53 Collection Expense - Agency	2,000	2,100	2,100	2,200	2,300	2,300	2,400	2,500	2,500	2,600	2,700
54 Billing & Consumer Accounting	158,000	158,000	162,700	167,600	172,700	177,800	183,200	188,700	194,300	200,100	206,200
55 Contract Billing	17,000	17,500	18,000	18,600	19,100	19,700	20,300	20,900	21,500	22,200	22,800
56 Stationery, Supplies & Postage	69,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400	90,000
57 Online Payment Processing Fees/CC Fees	63,000	63,000	64,900	66,800	68,800	70,900	73,000	75,200	77,500	79,800	82,200
58 Lock Box Service	25,000	25,000	25,800	26,500	27,300	28,100	29,000	29,900	30,700	31,700	32,600
59 Uncollectable Accounts	33,000	33,000	34,000	35,000	36,100	37,100	38,300	39,400	40,600	41,800	43,100
60 Office Equipment Expense	75,000	75,000	77,300	79,600	82,000	84,400	86,900	89,600	92,200	95,000	97,900
61 Distributed to West Marin (4.1%)	(19,000)	(19,000)	(19,600)	(20,200)	(20,800)	(21,400)	(22,000)	(22,700)	(23,400)	(24,100)	(24,800)
WATER CONSERVATION											
62 Residential	267,000	267,000	275,000	283,300	291,800	300,500	309,500	318,800	328,400	338,200	348,400
63 Commercial	6,000	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,800
64 Public Outreach/Information	122,000	122,000	125,700	129,400	133,300	137,300	141,400	145,700	150,000	154,500	159,200
65 Large Landscape	8,000	8,000	8,200	8,500	8,700	9,000	9,300	9,600	9,800	10,100	10,400

Novato Enterprise Budgeted and Projected Operating & Debt Expenses (existing)

Schedule 2 (3 of 3)

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
GENERAL AND ADMINISTRATIVE											
66 Directors Fees	46,000	46,000	47,400	48,800	50,300	51,800	53,300	54,900	56,600	58,300	60,000
67 Legal Fees	25,000	25,800	26,500	27,300	28,100	29,000	29,900	30,700	31,700	32,600	33,600
68 Human Resources	256,000	256,000	263,700	271,600	279,700	288,100	296,800	305,700	314,800	324,300	334,000
69 Auditing Fees	26,000	26,000	26,800	27,600	28,400	29,300	30,100	31,000	32,000	32,900	33,900
70 Consulting Services/Studies	385,000	396,600	408,400	420,700	433,300	446,300	459,700	473,500	487,700	502,300	517,400
71 General Office Salaries	1,616,000	1,616,000	1,664,500	1,714,400	1,765,800	1,818,800	1,873,400	1,929,600	1,987,500	2,047,100	2,108,500
72 Safety: General District Wide	45,000	45,000	46,400	47,700	49,200	50,600	52,200	53,700	55,300	57,000	58,700
73 Office Supplies	36,000	36,000	37,100	38,200	39,300	40,500	41,700	43,000	44,300	45,600	47,000
74 Employee Events	10,000	10,000	10,300	10,600	10,900	11,300	11,600	11,900	12,300	12,700	13,000
75 Other Administrative Expense	4,000	4,000	4,100	4,200	4,400	4,500	4,600	4,800	4,900	5,100	5,200
76 Dues & Subscriptions	86,000	86,000	88,600	91,200	94,000	96,800	99,700	102,700	105,800	108,900	112,200
77 Vehicle Expense	18,000	18,000	18,500	19,100	19,700	20,300	20,900	21,500	22,100	22,800	23,500
78 Meetings, Conferences & Training	207,000	207,000	213,200	219,600	226,200	233,000	240,000	247,200	254,600	262,200	270,100
79 Recruitment Expense	2,000	2,000	2,100	2,100	2,200	2,300	2,300	2,400	2,500	2,500	2,600
80 Gas & Electricity	40,000	44,800	47,000	49,400	51,900	54,500	57,200	60,000	63,000	66,200	69,500
81 Telephone	21,000	21,000	21,600	22,300	22,900	23,600	24,300	25,100	25,800	26,600	27,400
82 Water	2,000	2,200	2,400	2,500	2,600	2,700	2,900	3,000	3,200	3,300	3,500
83 Buildings & Grounds Maint	69,000	69,000	71,100	73,200	75,400	77,700	80,000	82,400	84,900	87,400	90,000
84 Office Equipment Expense	260,000	260,000	267,800	275,800	284,100	292,600	301,400	310,500	319,800	329,400	339,200
85 Insurance Premiums & Claims	268,000	268,000	276,000	284,300	292,900	301,600	310,700	320,000	329,600	339,500	349,700
86 Retiree Medical Benefits	225,000	225,000	231,800	238,700	245,900	253,200	260,800	268,700	276,700	285,000	293,600
87 (Gain)/Loss on Overhead Charges	246,000	246,000	253,400	261,000	268,800	276,900	285,200	293,700	302,500	311,600	321,000
88 G&A Applied to Other Operations (5.9%)	(179,000)	(179,000)	(184,400)	(189,900)	(195,600)	(201,500)	(207,500)	(213,700)	(220,100)	(226,800)	(233,600)
89 G&A Applied to Construction	(385,000)	(385,000)	(396,600)	(408,400)	(420,700)	(433,300)	(446,300)	(459,700)	(473,500)	(487,700)	(502,300)
90 Other Non-Operating Expense	376,000	376,000	387,300	398,900	410,900	423,200	435,900	449,000	462,400	476,300	490,600
91 Unfunded Liability and Payroll Contributions	1,835,500	1,835,500	1,890,500	1,947,200	2,005,700	2,065,800	2,127,800	2,191,600	2,257,400	2,325,100	2,394,900
92 Additional Costs from MOU	0	755,500	780,500	801,800	824,900	849,600	875,100	901,400	928,400	956,300	985,000
TRANSFERS											
93 Transfer out to FRC	233,000	571,000	1,940,000	1,458,000	0	0	0	0	0	0	0
94 Affordability Program	31,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
DEBT SERVICE											
95 Existing Debt Service	3,253,000	3,325,000	3,322,000	3,324,000	3,321,000	3,322,000	2,801,000	2,187,000	1,727,000	1,723,000	1,348,000
96 Total Operating Expenses	\$24,105,000	\$25,365,000	\$27,206,000	\$27,211,000	\$26,254,000	\$26,762,000	\$26,766,000	\$26,693,000	\$26,791,000	\$27,362,000	\$27,582,000

Novato Enterprise Capital Spending Plan

Schedule 3

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
1. PIPELINES						
Pipeline Improvements						
1	Novato Blvd. Widening - Diablo to Grant (4,100 LF)	\$20,000	\$200,000	\$1,500,000	\$1,500,000	
2	Connect Dead-ends at George St. w/ 8" (290 LF)	\$120,000				
3	San Mateo Tank 24" Transmission Main		\$500,000	\$500,000		
4	Arthur St. Main Relocation at Cambridge	\$150,000	\$400,000			
Pipeline Replacements						
5	Replace 8" Pipe - Railroad Ave. (500 LF)	\$350,000				
6		\$10,000	\$25,000	\$300,000	\$300,000	
Aqueduct Improvements						
7	North Marin Aqueduct Restoration near Olompali Slide	\$125,000	\$50,000			
8	Interconnection Modifications (w/ MMWD)		\$20,000	\$20,000	\$20,000	
Other Pipeline Projects						
9	Sync w/ City or County Paving		\$50,000	\$50,000	\$50,000	
10	Replace Galvanized Steel Pipe (200 LF/yr)		\$15,000	\$15,000	\$15,000	
11	Polybutylene (PB) Service Line Replacements		\$15,000	\$15,000	\$15,000	
12	Replace Plastic Thin Walled Pipe (< 4-inch)		\$50,000	\$50,000	\$50,000	
13	Other Main Replacements (60+ years old)		\$150,000	\$150,000	\$150,000	
2. STORAGE TANKS & PUMP STATIONS						
Tank Rehabilitation / Replacement						
14	Recoating - Garner Tank			\$25,000	\$250,000	
15	Seismic Upgrade / Coating - Lynwood Tanks (x2)			\$25,000	\$500,000	
16	Tank Replacement - Old Ranch Rd	\$3,000				
Pump Station Rehabilitation / Replacement						
17	Lynwood PS Replacement	\$150,000	\$450,000	\$1,500,000	\$1,500,000	
18	Crest PS Construction (Reloc. School Rd. PS)	\$100,000				
19	Cherry Hill PS Retaining Wall	\$40,000	\$150,000			
20	Davies PS Upgrade			\$50,000	\$250,000	
Hydropneumatic Systems						
21	Hydropneumatic upgrades, Phase 1 (Bahia)	\$50,000	\$850,000			
22	Hydropneumatic upgrades, Phase 2 (Hayden)			\$75,000	\$850,000	
Other Tank & Pump Station Improvements						
23	Other Tank & PS Improvements		\$75,000	\$75,000	\$75,000	
24	Other Tank Recoating		\$25,000	\$25,000	\$25,000	
25	Mobile Pump Station for Tank Cleaning	\$10,000				
26	San Marin PS Motor Replacement	\$27,000				
27	NW - Loan Funds - Crest PS Construction		\$1,400,000			
3. STAFFORD IMPROVEMENTS						
Stafford Treatment Plant (STP)						
28	Replace Supernatant Line to Center Rd. (4" - 4,400LF)	\$625,000	\$375,000			
29	STP Efficiency Improvements		\$50,000			
30	STP Chemical System Upgrade		\$50,000			
31	STP Tower Hose Replacement	\$50,000				
32	STP Corrosion Improvements - Primary Filter Recoat (x3)	\$400,000				
33	Other STP Improvements		\$100,000	\$100,000	\$100,000	
Stafford Dam / Watershed						
34	Water Supply Enhancement - Spillway ASG	\$50,000	\$150,000	\$800,000	\$400,000	
35	Dam Spillway Concrete Repair	\$50,000	\$75,000		\$25,000	
36	Access Road Slide Repair		\$100,000			
37	Dam Piezometer Automation	\$10,000	\$100,000			
38	Dam Upstream Concrete Apron Repair		\$250,000			
39	Raw Water Intake Modifications			\$100,000	\$200,000	
4. MISCELLANEOUS IMPROVEMENTS (NOVATO)						
District Offices						
40	NMWD Headquarters Upgrade	\$7,000,000	\$1,000,000			
41	Construction Locker Room Remodel	\$10,000	\$150,000			
42	Asphalt Repairs at District Facilities	\$210,000	\$125,000			
System Pressure / Valving						
Other Miscellaneous Improvements						
44	Backflow Protection - DCDA Repair / Replace (Annual)	\$200,000	\$100,000	\$100,000	\$100,000	
45	Cathodic Protection - Anode Installation (Annual)		\$10,000	\$10,000	\$10,000	
46	Other System Improvements		\$100,000	\$100,000	\$100,000	
8. EQUIPMENT BUDGET						
47	Class 8 Service Truck	\$340,000	\$290,000			
48	4,000 Tanker Truck	\$50,000				
49	Lease Vehicles	\$148,000	\$185,000	\$228,000	\$228,000	
50	Portable Generators		\$75,000	\$125,000		
51	Miscellaneous Equipment Purchases			\$197,000	\$322,000	
52	Total:	\$10,298,000	\$7,710,000	\$5,910,000	\$5,460,000	\$3,585,000
53	Total after Inflation:	\$10,298,000	\$7,710,000	\$6,087,300	\$5,792,514	\$3,917,426
	Amount Paid with Existing Debt Funds:	\$7,108,000	\$3,332,000	\$0	\$0	\$0
	Remaining:	\$3,190,000	\$4,378,000	\$6,087,300	\$5,792,514	\$3,917,426
	Apply 74% efficiency factor*:	\$2,361,000	\$3,240,000	\$4,505,000	\$4,286,000	\$2,899,000
	Paid with FRC Funds:	\$725,000	\$1,079,000	\$2,248,000	\$1,766,000	\$20,000
	Paid with Rate Revenue:	\$1,636,000	\$2,161,000	\$2,257,000	\$2,520,000	\$2,879,000

* See Section 2.1.6

Novato Enterprise Cash Flow Proforma

Schedule 4

	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034
		8.50%	6.00%	6.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rate Revenue											
1 Water Rate Revenue	\$22,802,000	\$22,802,000	\$18,270,000	\$19,390,000	\$20,579,000	\$21,429,000	\$22,314,000	\$23,012,000	\$23,732,000	\$24,475,000	\$25,241,000
3 Pass-Through Rate Revenue			\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000
4 Change due to growth & use		\$30,000	\$24,000	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000	\$31,000	\$32,000	\$33,000
5 Increase due to rate adjustments		\$1,938,000	\$1,096,000	\$1,163,000	\$823,000	\$857,000	\$669,000	\$690,000	\$712,000	\$734,000	\$757,000
Non-Rate Revenues											
6 Wholesale Rate Revenue	\$140,000	\$144,000	\$149,000	\$153,000	\$158,000	\$162,000	\$167,000	\$172,000	\$177,000	\$183,000	\$188,000
7 Property Taxes	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
8 Interest Earnings	\$201,000	\$296,000	\$327,000	\$390,000	\$382,000	\$348,000	\$317,000	\$270,000	\$243,000	\$256,000	\$257,000
9 Operating Revenue	\$307,000	\$307,000	\$307,000	\$307,000	\$307,000	\$307,000	\$307,000	\$308,000	\$308,000	\$308,000	\$308,000
10 Misc. Revenue	\$236,000	\$114,000	\$116,000	\$118,000	\$121,000	\$123,000	\$126,000	\$129,000	\$131,000	\$134,000	\$137,000
11 MMWD AEEP Contributions	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000	\$0
12 Total Revenue	\$24,016,000	\$25,961,000	\$27,119,000	\$28,377,000	\$29,227,000	\$30,084,000	\$30,759,000	\$31,441,000	\$32,164,000	\$32,952,000	\$33,546,000
O&M Costs											
13 Source of Supply	\$6,661,000	\$6,581,000	\$6,583,000	\$6,586,000	\$6,589,000	\$6,591,000	\$6,594,000	\$6,597,000	\$6,600,000	\$6,603,000	\$6,606,000
14 Pumping	\$518,000	\$572,000	\$599,000	\$628,000	\$658,000	\$689,000	\$722,000	\$757,000	\$793,000	\$831,000	\$871,000
15 Other Operations	\$941,000	\$941,000	\$969,000	\$998,000	\$1,028,000	\$1,059,000	\$1,091,000	\$1,124,000	\$1,157,000	\$1,192,000	\$1,228,000
16 Water Treatment	\$2,617,000	\$2,689,000	\$2,784,000	\$2,882,000	\$2,984,000	\$3,078,000	\$3,175,000	\$3,275,000	\$3,378,000	\$3,485,000	\$3,595,000
17 Transmission & Distribution	\$3,445,000	\$3,445,000	\$3,548,000	\$3,655,000	\$3,764,000	\$3,877,000	\$3,994,000	\$4,114,000	\$4,237,000	\$4,364,000	\$4,495,000
18 Consumer Accounting	\$462,000	\$463,000	\$476,000	\$491,000	\$505,000	\$521,000	\$536,000	\$552,000	\$569,000	\$586,000	\$604,000
19 Water Conservation	\$403,000	\$403,000	\$415,000	\$428,000	\$440,000	\$454,000	\$467,000	\$481,000	\$496,000	\$511,000	\$526,000
20 General Administration	\$3,705,000	\$3,722,000	\$3,835,000	\$3,951,000	\$4,071,000	\$4,194,000	\$4,321,000	\$4,452,000	\$4,586,000	\$4,725,000	\$4,868,000
21 New MOU Costs	\$0	\$755,000	\$780,000	\$802,000	\$825,000	\$850,000	\$875,000	\$901,000	\$928,000	\$956,000	\$985,000
22 Unfunded Liabilities	\$1,835,460	\$1,835,000	\$1,891,000	\$1,947,000	\$2,006,000	\$2,066,000	\$2,128,000	\$2,192,000	\$2,257,000	\$2,325,000	\$2,395,000
23 Total Operating Expenses	\$20,587,460	\$21,406,000	\$21,880,000	\$22,368,000	\$22,870,000	\$23,379,000	\$23,903,000	\$24,445,000	\$25,001,000	\$25,578,000	\$26,173,000
Capital Costs											
24 Total Capital Spending	\$9,468,000	\$6,572,000	\$4,504,000	\$4,286,000	\$2,899,000	\$3,893,000	\$4,010,000	\$4,130,000	\$4,254,000	\$4,381,000	\$4,513,000
25 Loan-Funded Capital (Existing)	\$7,108,000	\$3,332,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Cash Funded Capital Projects	\$1,635,000	\$2,161,000	\$2,256,000	\$2,520,000	\$2,879,000	\$3,893,000	\$4,010,000	\$4,130,000	\$4,254,000	\$4,381,000	\$4,513,000
27 FRC Funded Capital Projects	\$725,000	\$1,079,000	\$2,248,000	\$1,766,000	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0
28 Existing Debt Service	\$3,253,000	\$3,325,000	\$3,322,000	\$3,324,000	\$3,321,000	\$3,322,000	\$2,801,000	\$2,187,000	\$1,727,000	\$1,723,000	\$1,348,000
29 Total Capital Expenses	\$4,888,000	\$5,486,000	\$5,578,000	\$5,844,000	\$6,200,000	\$7,215,000	\$6,811,000	\$6,317,000	\$5,981,000	\$6,104,000	\$5,861,000
Transfers											
30 Transfer Out from FRC Fund to Recycled Water	\$83,000	\$285,000	\$484,000	\$484,000	\$210,000	\$210,000	\$209,000	\$0	\$0	\$0	\$0
31 Transfer Out from Novato to FRC Fund for RW Debt	\$83,000	\$285,000	\$484,000	\$484,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32 Transfer Out from Novato to FRC Fund for growth project	\$150,000	\$286,000	\$1,455,000	\$973,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33 Transfer In to Novato from FRC to prepay debt	\$0	\$0	\$0	\$0	(\$563,000)	(\$583,000)	(\$584,000)	(\$793,000)	(\$793,000)	(\$793,000)	(\$793,000)
34 Transfer Out from Novato to Fund LIRA Program	\$31,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000	\$62,000
35 Total Revenue Requirement	\$25,739,460	\$27,525,000	\$29,459,000	\$29,731,000	\$28,569,000	\$30,073,000	\$30,192,000	\$30,031,000	\$30,251,000	\$30,951,000	\$31,303,000
36 Beginning Year Balance	\$19,191,000	\$17,468,000	\$15,904,000	\$13,564,000	\$12,210,000	\$12,868,000	\$12,879,000	\$13,446,000	\$14,856,000	\$16,769,000	\$18,770,000
37 Surplus/(Shortfall)	(\$1,723,460)	(\$1,564,000)	(\$2,340,000)	(\$1,354,000)	\$658,000	\$11,000	\$567,000	\$1,410,000	\$1,913,000	\$2,001,000	\$2,243,000
38 End of Year Balance	\$17,467,540	\$15,904,000	\$13,564,000	\$12,210,000	\$12,868,000	\$12,879,000	\$13,446,000	\$14,856,000	\$16,769,000	\$18,770,000	\$21,013,000
39 <i>Minimum Reserves (by policy)</i>	\$11,162,000	\$11,435,000	\$11,593,000	\$11,756,000	\$11,923,000	\$12,093,000	\$12,268,000	\$12,448,000	\$12,634,000	\$12,826,000	\$13,024,000
40 <i>Available Cash</i>	\$6,305,540	\$4,469,000	\$1,971,000	\$454,000	\$945,000	\$786,000	\$1,178,000	\$2,408,000	\$4,135,000	\$5,944,000	\$7,989,000
41 <i>Intra-district Loan Balance</i>	(\$7,126,285)	(\$7,127,000)	(\$8,098,000)	(\$8,587,000)	(\$8,377,000)	(\$8,167,000)	(\$7,958,000)	(\$7,958,000)	(\$7,958,000)	(\$7,958,000)	(\$7,958,000)
42 Debt Coverage Ratio (combined with RW)	1.10	1.49	1.70	1.89	2.04	2.13	2.48	3.31	4.41	4.76	5.87

Recycled Water Enterprise Budgeted and Projected Cash Inflows

Schedule 5

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
1 Growth in Accounts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Proposed Water Rate Increase	0.0%	8.5%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rate Revenue											
3 Rate Revenue	\$1,552,000	\$1,552,000	\$1,684,000	\$1,785,000	\$1,892,000	\$1,968,000	\$2,047,000	\$2,108,000	\$2,171,000	\$2,236,000	\$2,303,000
4 Increase due to new rate adjustments		\$132,000	\$101,000	\$107,000	\$76,000	\$79,000	\$61,000	\$63,000	\$65,000	\$67,000	\$69,000
5 Total Rate Revenue	\$1,552,000	\$1,684,000	\$1,785,000	\$1,892,000	\$1,968,000	\$2,047,000	\$2,108,000	\$2,171,000	\$2,236,000	\$2,303,000	\$2,372,000
Other Revenue:											
6 Operating Revenue	\$20,000	\$20,000	\$21,000	\$21,000	\$22,000	\$22,000	\$23,000	\$23,000	\$23,000	\$24,000	\$24,000
7 Interest Earnings	\$11,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
8 Debt Service Repayments	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
9 Transfer In from FRC Fund	\$83,000	\$285,000	\$484,000	\$484,000	\$210,000	\$210,000	\$209,000	\$0	\$0	\$0	\$0
10 Total Other Revenue	\$163,000	\$363,000	\$563,000	\$563,000	\$290,000	\$290,000	\$290,000	\$81,000	\$81,000	\$82,000	\$82,000
11 TOTAL REVENUE	\$1,715,000	\$2,047,000	\$2,348,000	\$2,455,000	\$2,258,000	\$2,337,000	\$2,398,000	\$2,252,000	\$2,317,000	\$2,385,000	\$2,454,000

Recycled Water Enterprise Budgeted and Projected Operating & Debt Expenses

Schedule 6

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Source of Supply											
1 Purchased Water - NSD	\$283,000	\$297,900	\$313,500	\$329,800	\$347,000	\$365,000	\$383,900	\$403,900	\$424,900	\$446,900	\$470,200
2 Purchased Water - LGVSD	\$113,000	\$119,000	\$125,200	\$131,700	\$138,500	\$145,700	\$153,300	\$161,300	\$169,600	\$178,500	\$187,700
Pumping											
3 Maint of Pumping Equipment	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600	\$2,700
4 Electric Power	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,000
Operations											
5 Supervision & Engineering	\$9,000	\$9,000	\$9,300	\$9,500	\$9,800	\$10,100	\$10,400	\$10,700	\$11,100	\$11,400	\$11,700
6 Operating Expense - Operations	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
7 Potable Water Consumed	\$50,000	\$56,000	\$58,800	\$61,700	\$64,800	\$68,100	\$71,500	\$75,000	\$78,800	\$82,700	\$86,900
8 Maintenance Expense	\$7,000	\$7,200	\$7,400	\$7,600	\$7,900	\$8,100	\$8,400	\$8,600	\$8,900	\$9,100	\$9,400
Water Treatment											
9 Purification Chemicals	\$1,500	\$1,700	\$1,700	\$1,800	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300
10 Maint of Purification Equipment	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400	\$2,400	\$2,500
11 Laboratory Direct Labor	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
12 Customer Water Quality	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300	\$1,300
13 Lab Expense Distributed from Novato	\$400	\$400	\$400	\$400	\$400	\$400	\$500	\$500	\$500	\$500	\$500
Transmission & Distribution											
14 Supervision & Engineering	\$4,000	\$4,000	\$4,100	\$4,200	\$4,400	\$4,500	\$4,600	\$4,800	\$4,900	\$5,100	\$5,200
15 Customer Service Expense	\$28,000	\$28,800	\$29,700	\$30,600	\$31,500	\$32,500	\$33,400	\$34,400	\$35,500	\$36,500	\$37,600
16 Maint of Valves/Regulators	\$13,000	\$13,400	\$13,800	\$14,200	\$14,600	\$15,100	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500
17 Single Service Installations	\$13,000	\$13,400	\$13,800	\$14,200	\$14,600	\$15,100	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500
18 Hydrant Maint & Operations	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300	\$1,300
19 Maint of Mains	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,400	\$7,600	\$7,800	\$8,100
Consumer Accounting											
20 Distributed from Novato (0.2%)	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600	\$2,700
General & Administrative											
21 Dues & Subscriptions	\$18,000	\$18,500	\$19,100	\$19,700	\$20,300	\$20,900	\$21,500	\$22,100	\$22,800	\$23,500	\$24,200
22 Consulting Services/Studies	\$10,000	\$10,300	\$10,600	\$10,900	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,000	\$13,400
23 Distributed from Novato (2.4%)	\$90,000	\$92,700	\$95,500	\$98,300	\$101,300	\$104,300	\$107,500	\$110,700	\$114,000	\$117,400	\$121,000
24 Unfunded Liability and Payroll Contributions	\$24,400	\$26,200	\$28,000	\$29,900	\$32,000	\$34,300	\$36,700	\$39,300	\$42,000	\$44,900	\$48,100
25 Additional Costs from MOU	\$0	\$6,600	\$6,800	\$7,000	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Transfers											
26 Total Set Aside for Cap Replacement Fund	869,000	959,000	1,027,000	1,100,000	1,138,000	1,181,000	1,203,000	1,224,000	1,245,000	1,264,000	1,286,000
Debt Service											
27 Existing Debt Service	1,163,000	1,163,000	1,163,000	1,163,000	890,000	890,000	890,000	558,000	376,000	276,000	276,000
28 Total Operating Expenses	\$2,715,000	\$2,847,000	\$2,948,000	\$3,055,000	\$2,857,000	\$2,938,000	\$2,999,000	\$2,730,000	\$2,613,000	\$2,577,000	\$2,648,000

Recycled Water Cash Flow Proforma

Schedule 7

	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	
1	8.5%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Rate Revenue											
2	RW Service Charge Revenue	\$1,552,000	\$1,684,000	\$1,785,000	\$1,892,000	\$1,968,000	\$2,047,000	\$2,108,000	\$2,171,000	\$2,236,000	\$2,303,000
3	Increase due to rate adjustments	\$132,000	\$101,000	\$107,000	\$76,000	\$79,000	\$61,000	\$63,000	\$65,000	\$67,000	\$69,000
Non-Rate Revenues											
4	Operating Revenue	\$20,000	\$21,000	\$21,000	\$22,000	\$22,000	\$23,000	\$23,000	\$23,000	\$24,000	\$24,000
5	Interest Earnings	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
6	Debt Service Repayments	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000	\$49,000
7	Total Revenue	\$1,762,000	\$1,864,000	\$1,971,000	\$2,048,000	\$2,127,000	\$2,189,000	\$2,252,000	\$2,317,000	\$2,385,000	\$2,454,000
O&M Costs											
8	Source of Supply	\$417,000	\$439,000	\$462,000	\$486,000	\$511,000	\$537,000	\$565,000	\$595,000	\$625,000	\$658,000
9	Pumping	\$5,000	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000
10	Operations	\$73,000	\$77,000	\$80,000	\$84,000	\$87,000	\$91,000	\$96,000	\$100,000	\$105,000	\$109,000
11	Water Treatment	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$8,000	\$8,000
12	Transmission & Distribution	\$67,000	\$69,000	\$71,000	\$73,000	\$75,000	\$77,000	\$80,000	\$82,000	\$85,000	\$87,000
13	Consumer Accounting	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000
14	General & Administrative	\$148,000	\$153,000	\$159,000	\$165,000	\$171,000	\$178,000	\$184,000	\$191,000	\$199,000	\$207,000
15	New MOU Costs	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
16	Total Operating Expenses	\$725,000	\$758,000	\$792,000	\$830,000	\$866,000	\$905,000	\$947,000	\$991,000	\$1,039,000	\$1,086,000
Capital Costs											
17	Existing Debt Service	\$1,163,000	\$1,163,000	\$1,163,000	\$890,000	\$890,000	\$890,000	\$558,000	\$376,000	\$276,000	\$276,000
18	Cash Funded Capital Projects	\$361,000	\$159,000	\$164,000	\$169,000	\$174,000	\$179,000	\$184,000	\$190,000	\$196,000	\$202,000
19	Capital Replacement Funded Capital	\$361,000	\$159,000	\$164,000	\$169,000	\$174,000	\$179,000	\$184,000	\$190,000	\$196,000	\$202,000
20	Capital Replacement Funded Debt Service	\$800,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$509,000	\$327,000	\$227,000	\$227,000
21	Total Capital Expenses	\$363,000	\$563,000	\$563,000	\$290,000	\$290,000	\$290,000	\$49,000	\$49,000	\$49,000	\$49,000
Transfers											
22	Transfer In from FRC Fund	\$285,000	\$484,000	\$484,000	\$210,000	\$210,000	\$209,000	\$0	\$0	\$0	\$0
23	Total Set Aside for Cap Replacement Fund	\$959,000	\$1,027,000	\$1,100,000	\$1,138,000	\$1,181,000	\$1,203,000	\$1,224,000	\$1,245,000	\$1,264,000	\$1,286,000
24	Total Revenue Requirement	\$1,762,000	\$1,864,000	\$1,971,000	\$2,048,000	\$2,127,000	\$2,189,000	\$2,220,000	\$2,285,000	\$2,352,000	\$2,421,000
25	Beginning Year Balance	\$441,000	\$441,000	\$441,000	\$441,000	\$441,000	\$441,000	\$441,000	\$473,000	\$505,000	\$538,000
26	Surplus/(Shortfall)	\$0	\$0	\$0	\$0	\$0	\$0	\$32,000	\$32,000	\$33,000	\$33,000
27	End of Year Balance	\$441,000	\$441,000	\$441,000	\$441,000	\$441,000	\$441,000	\$473,000	\$505,000	\$538,000	\$571,000
28	Minimum Reserves (by policy)	\$242,000	\$253,000	\$264,000	\$277,000	\$289,000	\$302,000	\$316,000	\$330,000	\$346,000	\$362,000
29	Available Cash	\$199,000	\$188,000	\$177,000	\$164,000	\$152,000	\$139,000	\$157,000	\$175,000	\$192,000	\$209,000
Capital Replacement & Expansion Fund											
30	Beginning Balance	\$4,090,700	\$4,358,700	\$4,694,700	\$5,063,700	\$5,470,700	\$5,894,700	\$6,425,700	\$7,152,700	\$7,992,700	\$8,849,700
31	North Marin	\$1,125,900	\$964,900	\$841,900	\$735,900	\$649,900	\$571,900	\$591,900	\$799,900	\$1,112,900	\$1,432,900
32	Novato	\$1,977,300	\$2,035,300	\$2,097,300	\$2,161,300	\$2,228,300	\$2,296,300	\$2,365,300	\$2,435,300	\$2,506,300	\$2,579,300
33	Las Gallinas	\$987,500	\$1,358,500	\$1,755,500	\$2,166,500	\$2,592,500	\$3,026,500	\$3,468,500	\$3,917,500	\$4,373,500	\$4,837,500
34	Contributions (Withdrawals)	(\$202,000)	\$268,000	\$336,000	\$369,000	\$407,000	\$424,000	\$531,000	\$727,000	\$840,000	\$857,000
35	North Marin	(\$602,000)	(\$161,000)	(\$123,000)	(\$106,000)	(\$86,000)	(\$78,000)	\$20,000	\$208,000	\$313,000	\$320,000
36	Novato	\$54,000	\$58,000	\$62,000	\$64,000	\$67,000	\$68,000	\$69,000	\$70,000	\$71,000	\$73,000
37	Las Gallinas	\$346,000	\$371,000	\$397,000	\$411,000	\$426,000	\$434,000	\$442,000	\$449,000	\$456,000	\$464,000

ALLOCATION OF COSTS TO SYSTEM FUNCTIONS - NOVATO

SCHEDULE 8 (1 of 3)

Budget Line Items	Test Year Budget	Account Charge	Percent Allocation to Revenue Recovery Category					Cost Allocation to Revenue Recovery Category								
			Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System	
SOURCE OF SUPPLY																
1 Supervision & Engineering	\$8,000			40.1%	21.5%		5.6%	32.8%			\$3,208	\$1,722		\$444	\$2,625	
2 Operating Expense - Source	\$5,000			40.1%	21.5%		5.6%	32.8%			\$2,005	\$1,076		\$278	\$1,641	
3 Maint/Monitoring of Dam	\$36,000				87.4%		12.6%					\$31,457		\$4,543		
4 Maint of Lake & Intakes	\$8,000				87.4%		12.6%					\$6,990		\$1,010		
5 Maint of Watershed	\$20,000				87.4%		12.6%					\$17,476		\$2,524		
6 Water Quality Surveillance	\$2,000				87.4%		12.6%					\$1,748		\$252		
7 Fishery Maint	\$1,000				87.4%		12.6%					\$874		\$126		
8 Erosion Control	\$1,000				87.4%		12.6%					\$874		\$126		
9 Purchased Water	\$6,500,000			100.0%								\$6,500,000				
PUMPING																
10 Maint of Structures & Grounds	\$33,000							100.0%							\$33,000	
11 Maint of Pumping Equipment	\$35,000							100.0%							\$35,000	
12 Electric Power	\$504,000							100.0%							\$504,000	
OPERATIONS																
13 Supervision & Engineering	\$291,000		42.4%	23.1%	12.4%		3.2%	18.9%			\$123,384	\$67,221	\$36,084	\$9,312	\$54,999	
14 Operating Expense - Operations	\$506,000		42.4%	23.1%	12.4%		3.2%	18.9%			\$214,544	\$116,886	\$62,744	\$16,192	\$95,634	
15 Maintenance Expense	\$59,000		42.4%	23.1%	12.4%		3.2%	18.9%			\$25,016	\$13,629	\$7,316	\$1,888	\$11,151	
16 Telemetry Equipment/Controls Maint	\$60,000		42.4%	23.1%	12.4%		3.2%	18.9%			\$25,440	\$13,860	\$7,440	\$1,920	\$11,340	
17 Leased Lines	\$25,000		42.4%	23.1%	12.4%		3.2%	18.9%			\$10,600	\$5,775	\$3,100	\$800	\$4,725	
WATER TREATMENT																
18 Supervision & Engineering	\$247,000				100.0%									\$247,000		
19 Operating Expense - Water Treatment	\$362,000				100.0%									\$362,000		
20 Purification Chemicals	\$528,000				100.0%									\$528,000		
21 Sludge Disposal	\$121,500				100.0%									\$121,500		
22 Maint of Structures & Grounds	\$96,000				100.0%									\$96,000		
23 Maint of Purification Equipment	\$419,000				100.0%									\$419,000		
24 Electric Power	\$185,900				100.0%									\$185,900		
25 Water Quality Programs	\$93,000		80.4%	19.6%							\$74,728		\$18,272			
26 Laboratory Direct Labor	\$406,000		80.4%	19.6%							\$326,232		\$79,768			
27 Lab Service-Outside Clients	\$12,400		80.4%	19.6%							\$9,964		\$2,436			
28 Water Quality Supervision	\$100,000		80.4%	19.6%							\$80,353		\$19,647			
29 Laboratory Supplies & Expense	\$116,000		80.4%	19.6%							\$93,209		\$22,791			
30 Customer Water Quality	\$40,000		80.4%	19.6%							\$32,141		\$7,859			
31 Lab Cost Distributed	(\$38,000)		80.4%	19.6%							(\$30,534)		(\$7,466)			

ALLOCATION OF COSTS TO SYSTEM FUNCTIONS - NOVATO

SCHEDULE 8 (2 of 3)

Budget Line Items	Test Year Budget	Percent Allocation to Revenue Recovery Category							Cost Allocation to Revenue Recovery Category						
		Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System
TRANSMISSION & DISTRIBUTION															
32 Supervision & Engineering	\$759,000	30.0%	70.0%						\$227,700	\$531,300					
33 Maps & Records	\$247,000	100.0%							\$247,000						
34 Operation of T&D System	\$163,000		100.0%							\$163,000					
35 Facilities Location	\$144,000	100.0%							\$144,000						
36 Safety: Construction & Engineering	\$70,000		100.0%							\$70,000					
37 Customer Service Expense	\$239,000	100.0%							\$239,000						
38 Flushing	\$38,000		100.0%							\$38,000					
39 Storage Facilities Expense	\$132,000		100.0%							\$132,000					
40 Cathodic Protection	\$12,000		100.0%							\$12,000					
41 Maint of Valves/Regulators	\$155,000		100.0%							\$155,000					
42 Maint of Mains	\$200,000		100.0%							\$200,000					
43 Leak Detection - Mains	\$19,000		100.0%							\$19,000					
44 Backflow Prevention Program	\$356,000		100.0%							\$356,000					
45 Maint of Copper Services	\$176,000		100.0%							\$176,000					
46 Maint of PB Service Lines	\$409,000		100.0%							\$409,000					
47 Single Service Installations	\$21,000	100.0%							\$21,000						
48 Maint of Meters	\$154,000	100.0%							\$154,000						
49 Detector Check Assembly Maint	\$95,000	100.0%							\$95,000						
50 Maint of Hydrants	\$56,000		100.0%							\$56,000					
CONSUMER ACCOUNTING															
51 Meter Reading	\$27,000	100.0%							\$27,000						
52 Collection Expense - Labor	\$12,000	100.0%							\$12,000						
53 Collection Expense - Agency	\$2,100	100.0%							\$2,100						
54 Billing & Consumer Accounting	\$158,000	100.0%							\$158,000						
55 Contract Billing	\$17,500	100.0%							\$17,500						
56 Stationery, Supplies & Postage	\$69,000	100.0%							\$69,000						
57 Online Payment Processing Fees/CC Fees	\$63,000	100.0%							\$63,000						
58 Lock Box Service	\$25,000	100.0%							\$25,000						
59 Uncollectable Accounts	\$33,000	100.0%							\$33,000						
60 Office Equipment Expense	\$75,000	100.0%							\$75,000						
61 Distributed to West Marin (4.1%)	(\$19,000)	100.0%							(\$19,000)						
WATER CONSERVATION															
62 Residential	\$267,000				87.4%	12.6%							\$233,308	\$33,692	
63 Commercial	\$6,000				87.4%	12.6%							\$5,243	\$757	
64 Public Outreach/Information	\$122,000				87.4%	12.6%							\$106,605	\$15,395	
65 Large Landscape	\$8,000				87.4%	12.6%							\$6,990	\$1,010	
66 Total Operating Costs									\$1,590,300	\$2,716,284	\$7,308,677	\$2,281,609	\$352,146	\$90,269	\$754,115
67 Indirect Allocation Percentages									10.5%	18.0%	48.4%	15.1%	2.3%	0.6%	5.0%

ALLOCATION OF COSTS TO SYSTEM FUNCTIONS - NOVATO

SCHEDULE 8 (3 of 3)

Budget Line Items	Percent Allocation to Revenue Recovery Category									Cost Allocation to Revenue Recovery Category					
	Test Year Budget	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System	Account Charge	Meter Charge	Tier 1 (Imported Water)	Tier 2 (Treated Water)	Conservation	Raw Water	Pressure System
GENERAL AND ADMINISTRATIVE															
68 Directors Fees	\$46,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$13,439		\$22,807	\$7,120		\$282	\$2,353
69 Legal Fees	\$25,800	29.2%		49.6%	15.5%		0.61%	5.1%	\$7,537		\$12,792	\$3,993		\$158	\$1,320
70 Human Resources	\$256,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$74,789		\$126,924	\$39,623		\$1,568	\$13,096
71 Auditing Fees	\$26,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$7,596		\$12,891	\$4,024		\$159	\$1,330
72 Consulting Services/Studies	\$396,600	29.2%		49.6%	15.5%		0.61%	5.1%	\$115,865		\$196,633	\$61,385		\$2,429	\$20,289
73 General Office Salaries	\$1,616,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$472,106		\$801,209	\$250,120		\$9,896	\$82,669
74 Safety: General District Wide	\$45,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$13,147		\$22,311	\$6,965		\$276	\$2,302
75 Office Supplies	\$36,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$10,517		\$17,849	\$5,572		\$220	\$1,842
76 Employee Events	\$10,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$2,921		\$4,958	\$1,548		\$61	\$512
77 Other Administrative Expense	\$4,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$1,169		\$1,983	\$619		\$24	\$205
78 Dues & Subscriptions	\$86,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$25,124		\$42,639	\$13,311		\$527	\$4,399
79 Vehicle Expense	\$18,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$5,259		\$8,924	\$2,786		\$110	\$921
80 Meetings, Conferences & Training	\$207,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$60,474		\$102,630	\$32,039		\$1,268	\$10,589
81 Recruitment Expense	\$2,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$584		\$992	\$310		\$12	\$102
82 Gas & Electricity	\$44,800	29.2%		49.6%	15.5%		0.61%	5.1%	\$13,088		\$22,212	\$6,934		\$274	\$2,292
83 Telephone	\$21,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$6,135		\$10,412	\$3,250		\$129	\$1,074
84 Water	\$2,200	29.2%		49.6%	15.5%		0.61%	5.1%	\$643		\$1,091	\$341		\$13	\$113
85 Buildings & Grounds Maint	\$69,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$20,158		\$34,210	\$10,680		\$423	\$3,530
86 Office Equipment Expense	\$260,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$75,958		\$128,907	\$40,242		\$1,592	\$13,301
87 Insurance Premiums & Claims	\$268,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$78,295		\$132,874	\$41,480		\$1,641	\$13,710
88 Retiree Medical Benefits	\$225,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$65,733		\$111,554	\$34,825		\$1,378	\$11,510
89 (Gain)/Loss on Overhead Charges	\$246,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$71,868		\$121,966	\$38,075		\$1,506	\$12,585
90 G&A Applied to Other Operations (5.9%)	(\$179,000)	29.2%		49.6%	15.5%		0.61%	5.1%	(\$52,294)		(\$88,748)	(\$27,705)		(\$1,096)	(\$9,157)
91 G&A Applied to Construction	(\$385,000)	29.2%		49.6%	15.5%		0.61%	5.1%	(\$112,476)		(\$190,882)	(\$59,589)		(\$2,358)	(\$19,695)
92 Other Non-Operating Expense	\$376,000	29.2%		49.6%	15.5%		0.61%	5.1%	\$109,847		\$186,420	\$58,196		\$2,302	\$19,235
93 Unfunded Liability and Payroll Contributions	\$1,835,500	29.2%		49.6%	15.5%		0.61%	5.1%	\$536,232		\$910,036	\$284,093		\$11,240	\$93,898
94 Additional Costs from MOU	\$755,500	29.2%		49.6%	15.5%		0.61%	5.1%	\$220,716		\$374,575	\$116,934		\$4,626	\$38,649
NON-OPERATING CATEGORIES															
95 Debt Service	\$3,325,000		43.8%	23.9%	12.8%			19.5%		\$1,456,405	\$793,466	\$425,930			\$649,199
96 Capital Spending	\$2,161,000		42.4%	23.1%	12.4%		3.2%	18.9%		\$916,264	\$499,191	\$267,964		\$69,152	\$408,429
97 Change in Fund Balance & Transfers	(\$970,000)	10.5%	18.0%	48.4%	15.1%	2.3%	0.60%	5.0%	(\$102,203)	(\$174,566)	(\$469,703)	(\$146,631)	(\$22,631)	(\$5,801)	(\$48,464)
98 Non-Rate Revenue	(\$1,152,000)			48.7%	43.9%	7.4%					(\$561,189)	(\$505,868)	(\$84,943)		
99 Totals:	\$24,770,800								\$3,332,525	\$4,914,387	\$10,700,610	\$3,300,174	\$244,572	\$192,280	\$2,086,252



ALLOCATION OF COSTS TO SYSTEM FUNCTIONS - RECYCLED WATER

SCHEDULE 9

	Budget Expense	Test Year Budget	Percent Allocation to Revenue Recovery Category			Cost Allocation to Revenue Recovery Categories		
			Account Charge	Meter Charge	Usage Charge	Account Charge	Meter Charge	Usage Charge
Source of Supply								
1	Purchased Water - NSD	\$297,900			100%			\$297,900
2	Purchased Water - LGVSD	\$119,000			100%			\$119,000
Pumping								
3	Maint of Pumping Equipment	\$2,100		100%			\$2,100	
4	Electric Power	\$3,100			100%			\$3,100
Operations								
5	Supervision & Engineering	\$9,000		100%			\$9,000	
6	Operating Expense - Operations	\$1,000		100%			\$1,000	
7	Potable Water Consumed	\$56,000			100.0%			\$56,000
8	Maintenance Expense	\$7,200		100%			\$7,200	
Water Treatment								
9	Purification Chemicals	\$1,700			100%			\$1,700
10	Maint of Purification Equipment	\$1,900		100%			\$1,900	
11	Laboratory Direct Labor	\$1,000		100%			\$1,000	
12	Customer Water Quality	\$1,000	100.0%			\$1,000		
13	Lab Expense Distributed from Novato	\$400		100%			\$400	
14	Transfer Out to Member Agencies	\$400,000			100%			\$400,000
Transmission & Distribution								
15	Supervision & Engineering	\$4,000		100%			\$4,000	
16	Customer Service Expense	\$28,800	100.0%			\$28,800		
17	Maint of Valves/Regulators	\$13,400		100%			\$13,400	
18	Single Service Installations	\$13,400	100.0%			\$13,400		
19	Hydrant Maint & Operations	\$1,000		100%			\$1,000	
20	Maint of Mains	\$6,200		100%			\$6,200	
General & Administrative								
21	Distributed from Novato (0.2%)	\$2,100		100.0%			\$2,100	
21	Dues & Subscriptions	\$18,500	50%	50.0%		\$9,300		\$9,300
22	Consulting Services/Studies	\$10,300		100.0%			\$10,300	
23	Distributed from Novato (2.4%)	\$92,700		100.0%			\$92,700	
24	Unfunded Liability and Payroll Contributions (cash)	\$26,200		100.0%			\$26,200	
25	Additional Costs from MOU	\$6,600		100.0%			\$6,600	
Non-Operating Categories								
25	Debt Service	\$1,163,000		5.0%	95%		\$58,200	\$1,104,900
26	Capital Spending	\$361,000		25%	75.0%		\$90,300	\$270,800
27	Non-Rate Revenue	(\$965,000)	4.5%	4.9%	90.7%	(\$43,100)	(\$47,000)	(\$874,900)
Total:		\$1,683,500				\$9,400	\$295,900	\$1,378,500

Schedule 10 – Proposed Rates Schedules for FY 2024/25 through FY 2028/29

Proposed Rates beginning July 1, 2024

Service Charges

Meter Size	Potable Water Bi-Monthly Service Charge	Recycled Water Bi-Monthly Service Charge	Private Fire Service Charge
5/8"	\$58.39	\$85.08	
1"	\$105.73	\$188.97	\$19.01
1.5"	\$184.63	\$362.12	
2"	\$279.31	\$569.90	\$25.06
3"	\$531.79	\$1,123.98	
4"	\$815.83	\$1,747.32	\$69.94
6"	\$1,604.83	\$3,478.82	\$98.26
8"	\$2,078.23	(na)	\$130.59
10"	(na)	(na)	\$171.03

Quantity Charges

	Zone A	Zone B	Zone C
Residential Quantity Charges			
Tier 1*	\$7.01	\$7.93	\$9.55
Tier 2**	\$9.16	\$10.08	\$11.70
Tier 3	\$13.55	\$14.47	\$16.09
Commercial Quantity Charges			
Uniform	\$7.54	\$8.46	\$10.08
Recycled Water	\$6.75	(na)	(na)
Other Quantity Charges			
Raw Water	\$3.53	(na)	(na)
Temporary Meter	\$10.08	(na)	(na)

* Allocation is 262 gpd per dwelling unit

** Allocation is 458 gpd per dwelling unit

Proposed Rates beginning July 1, 2025

Service Charges

Meter Size	Potable Water Bi-Monthly Service Charge	Recycled Water Bi-Monthly Service Charge	Private Fire Service Charge
5/8"	\$61.89	\$90.18	
1"	\$112.07	\$200.31	\$20.15
1.5"	\$195.71	\$383.85	
2"	\$296.07	\$604.09	\$26.56
3"	\$563.70	\$1,191.42	
4"	\$864.78	\$1,852.16	\$74.14
6"	\$1,701.12	\$3,687.55	\$104.16
8"	\$2,202.92	(na)	\$138.43
10"	(na)	(na)	\$181.29

Quantity Charges

	Zone A	Zone B	Zone C
Residential Quantity Charges			
Tier 1*	(TBD based on Pass-Through)		
Tier 2**	\$9.71	\$10.68	\$12.40
Tier 3	\$14.36	\$15.34	\$17.06
Commercial Quantity Charges			
Uniform	(TBD based on Pass-Through)		
Recycled Water	\$7.16	(na)	(na)
Other Quantity Charges			
Raw Water	\$3.74	(na)	(na)
Temporary Meter	\$10.68	(na)	(na)

* Allocation is 262 gpd per dwelling unit

** Allocation is 458 gpd per dwelling unit

Proposed Rates beginning July 1, 2026

Service Charges

Meter Size	Potable Water Bi-Monthly Service Charge	Recycled Water Bi-Monthly Service Charge	Private Fire Service Charge
5/8"	\$65.60	\$95.59	
1"	\$118.79	\$212.33	\$21.36
1.5"	\$207.45	\$406.88	
2"	\$313.83	\$640.34	\$28.15
3"	\$597.52	\$1,262.91	
4"	\$916.67	\$1,963.29	\$78.59
6"	\$1,803.19	\$3,908.80	\$110.41
8"	\$2,335.10	(na)	\$146.74
10"	(na)	(na)	\$192.17

Quantity Charges

	Zone A	Zone B	Zone C
Residential Quantity Charges			
Tier 1*	(TBD based on Pass-Through)		
Tier 2**	\$10.29	\$11.32	\$13.14
Tier 3	\$15.22	\$16.26	\$18.08
Commercial Quantity Charges			
Uniform	(TBD based on Pass-Through)		
Recycled Water	\$7.59	(na)	(na)
Other Quantity Charges			
Raw Water	\$3.96	(na)	(na)
Temporary Meter	\$11.32	(na)	(na)

* Allocation is 262 gpd per dwelling unit
** Allocation is 458 gpd per dwelling unit

Proposed Rates beginning July 1, 2027

Service Charges

Meter Size	Potable Water Bi-Monthly Service Charge	Recycled Water Bi-Monthly Service Charge	Private Fire Service Charge
5/8"	\$68.22	\$99.41	
1"	\$123.54	\$220.82	\$22.21
1.5"	\$215.75	\$423.16	
2"	\$326.38	\$665.95	\$29.28
3"	\$621.42	\$1,313.43	
4"	\$953.34	\$2,041.82	\$81.73
6"	\$1,875.32	\$4,065.15	\$114.83
8"	\$2,428.50	(na)	\$152.61
10"	(na)	(na)	\$199.86

Quantity Charges

	Zone A	Zone B	Zone C
Residential Quantity Charges			
Tier 1*	(TBD based on Pass-Through)		
Tier 2**	\$10.70	\$11.77	\$13.67
Tier 3	\$15.83	\$16.91	\$18.80
Commercial Quantity Charges			
Uniform	(TBD based on Pass-Through)		
Recycled Water	\$7.89	(na)	(na)
Other Quantity Charges			
Raw Water	\$4.12	(na)	(na)
Temporary Meter	\$11.77	(na)	(na)

* Allocation is 262 gpd per dwelling unit
** Allocation is 458 gpd per dwelling unit

Proposed Rates beginning July 1, 2028

Service Charges

Meter Size	Potable Water Bi-Monthly Service Charge	Recycled Water Bi-Monthly Service Charge	Private Fire Service Charge
5/8"	\$70.95	\$103.39	
1"	\$128.48	\$229.65	\$23.10
1.5"	\$224.38	\$440.09	
2"	\$339.44	\$692.59	\$30.45
3"	\$646.28	\$1,365.97	
4"	\$991.47	\$2,123.49	\$85.00
6"	\$1,950.33	\$4,227.76	\$119.42
8"	\$2,525.64	(na)	\$158.71
10"	(na)	(na)	\$207.85

Quantity Charges

	Zone A	Zone B	Zone C
Residential Quantity Charges			
Tier 1*	(TBD based on Pass-Through)		
Tier 2**	\$11.13	\$12.24	\$14.22
Tier 3	\$16.46	\$17.59	\$19.55
Commercial Quantity Charges			
Uniform	(TBD based on Pass-Through)		
Recycled Water	\$8.21	(na)	(na)
Other Quantity Charges			
Raw Water	\$4.28	(na)	(na)
Temporary Meter	\$12.24	(na)	(na)

* Allocation is 262 gpd per dwelling unit

** Allocation is 458 gpd per dwelling unit