Agenda Date: January 23, 2024 Agenda No.: 1

#### A presentation to... Pajaro County Sanitation District Board of Directors

#### Proposed Sewer Rate Increases

January 23, 2024



#### **Presentation Overview**

> Background
 > Rate Study results
 > Path Forward
 > Questions/comments

# Background

- PCSD is a County-owned wastewater collection system in North County
- Collects wastewater from Pajaro and surrounding communities, and conveys to City of Watsonville wastewater treatment plant
- PCSD charges based on plant capital improvement costs and wastewater flow and strength
- Rates have not been adjusted since 2007
- Current service rates insufficient to cover costs

### **Committee Process**

- During an August 29, 2023, meeting, the PCSD Board of Directors...
  - Approved postponing rate increases until FY 2024-25
  - Tentatively approved, an average residential sewer rate increase to \$60/month, pending the results of rate studies
  - A \$60/month rate is consistent with sewer service in surrounding communities

#### Local Residential Sewer Rates\*

\$100
\$67
\$64
\$68
\$50
\$30

\* Average monthly residential rates

# **Rate Study Results**

#### Summary of Alternative Rate Increase Scenarios

	Scenario 1 - \$60 Base Scenario 2 - \$10 Increments				Scenario 3 - No Subsidy		
Fiscal Year	SFR Rate	County Contrib	SFR Rate	County Contrib	SFR Rate	County Contrib	
FY 24-25	\$60.00	\$1,484,000	\$60.00	\$1,484,000	\$129.46	\$0	
FY 25-26	\$61.16	\$1,949,964	\$70.00	\$1,355,700	\$131.05	\$0	
FY 26-27	\$63.69	\$1,341,457	\$80.00	\$1,026,500	\$125.58	\$0	
FY 27-28	\$66.32	\$1,360,489	\$90.00	\$868,700	\$128.03	\$0	
FY 28-29	\$70.25	\$1,728,556	\$100.00	\$1,108,500	\$149.35	\$0	

#### SFR = Single Family Residential

Assumes General Fund Loans totaling \$1,941,661 are forgiven (\$1,874,264 associated with response to 2017 winter storm, and \$67,397 for Las Lomas Lift Station repairs)

### Rate Study Results – Scenario 1

#### Projected Financial Statement - Scenario 1 Pajaro County Sanitation District

		Budget					Project	ed				
Account	Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Proposed Rate Increase (July 1)		144.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Number of EDUs [1]	1,761.04	1.761.04	1,793.04	1.825.04	1.857.04	1,857.04	1.857.04	1,857.04	1,857.04	1.857.04	1.857.04
	Projected Average Charge Per EDU	\$25.08	\$61.31	\$63.76	\$66.31	\$68.96	\$71.72	\$74.59	\$77.57	\$80.67	\$83.90	\$87.26
	Current and Projected (Prop 218) SFR Charge	\$25.08	\$60.00	\$61.16	\$63.69	\$66.32	\$70.25	\$73.06	\$75.98	\$79.02	\$82.18	\$85.47
	carrent and riojected (riop 210) of it charge	Ş25.00	<i></i>	Ç01.10	Ç03.05	Ç00.52	Ç70.23	Ç75.00	Ç73.50	Ç75.02	Ų02.10	Ş00.47
	Revenue											
4010	Property Tax - Current Secured	\$268,810	\$276,874	\$290,363	\$304,411	\$319,041	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612
4015	Property Tax - Current Unsecured	12,052	12,293	12,539	12,790	13,046	13,307	13,573	13,844	14,121	14,403	14,691
4025	Property Tax - Prior Secured	2,653	2,733	2,866	3,004	3,149	3,243	3,243	3,243	3,243	3,243	3,243
4035	Property Tax - Current Supplemental	4,141	4,141	4,224	4,308	4,394	4,482	4,572	4,663	4,756	4,851	4,948
4040	Property Tax - Prior Supplemental	350	350	357	364	371	378	386	394	402	410	418
4250	Road Privileges and Permits	300	300	300	300	300	300	300	300	300	300	300
4600	Investment Income	-	251	4,280	6,711	6,940	7,314	7,584	7,869	8,171	8,490	8,828
5020	State Disaster Relief	-										
5030	Homeowners Property Tax Relief	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273
5290	Federal Aid Other	1,160,163	-	-	-	-	-	-	-	-	-	-
5680	Sanitation Services	530,000	1,295,546	1,371,851	1,452,187	1,536,756	1,598,226	1,662,155	1,728,641	1,797,787	1,869,699	1,944,486
5855	Other Reimbursements	914,299	-	-	-	-	-	-	-	-	-	-
5940	Operating Transfers In	85,000	1,484,000	1,949,894	1,341,459	1,360,490	1,728,557	1,632,246	1,711,827	1,796,785	1,887,654	1,985,248
	Connection Fee Revenue [2]		-	20,460	21,120	23,760	-	-	-	-	-	-
	Total Revenue	\$2,979,041	\$3,077,761	\$3,658,407	\$3,147,927	\$3,269,520	\$3,685,692	\$3,653,944	\$3,800,666	\$3,955,450	\$4,118,935	\$4,292,047
	Expense											
6231	Communication Charges - External	\$1,927	\$2,004	\$2,084	\$2,167	\$2,254	\$2,344	\$2,438	\$2,536	\$2,637	\$2,742	\$2,852
6262	Insurance - General Liability (Recoverable)	321,450	334,308	347,680	361,587	376,050	391,092	406,736	423,005	439,925	457,522	475,823
6266	Insurance - Property	14,719	17,663	21,196	25,435	30,522	36,626	43,951	52,741	63,289	75,947	91,136
6311	Buildings & Improvements Maintenance - External	200,000	115,000	75,000	75,000	75,000	75,000	75,000	75,000			
6609	Other Personnel Services				-		-			75,000	75,000	75,000
		130,647	137,179	144,038	151,240	158,802	166,742	175,079	183,833	193,025	202,676	212,810
6613	Other Professional & Special Services	1,010,000	400,000	416,000	432,640	449,946	166,742 467,944	175,079 486,662	183,833 506,128	193,025 526,373	202,676 547,428	212,810 569,325
6835	Other Special Departmental Expenses	1,010,000 7,500	400,000 7,500	416,000 7,800	432,640 8,112	449,946 8,436	166,742 467,944 8,773	175,079 486,662 9,124	183,833 506,128 9,489	193,025 526,373 9,869	202,676 547,428 10,264	212,810 569,325 10,675
6835 6864	Other Special Departmental Expenses Fleet Service Charge	1,010,000	400,000	416,000	432,640	449,946	166,742 467,944	175,079 486,662	183,833 506,128	193,025 526,373	202,676 547,428	212,810 569,325
6835 6864 6881	Other Special Departmental Expenses Fleet Service Charge Utilities	1,010,000 7,500 820	400,000 7,500 943	416,000 7,800 1,084	432,640 8,112 1,247	449,946 8,436 1,434	166,742 467,944 8,773 1,649	175,079 486,662 9,124 1,896	183,833 506,128 9,489 2,180	193,025 526,373 9,869 2,507	202,676 547,428 10,264 2,883	212,810 569,325 10,675 3,315
6835 6864 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense	1,010,000 7,500 820 1,181,192	400,000 7,500 943 916,668	416,000 7,800 1,084 962,501	432,640 8,112 1,247 1,010,627	449,946 8,436 1,434 1,061,158	166,742 467,944 8,773 1,649 1,114,216	175,079 486,662 9,124 1,896 1,169,927	183,833 506,128 9,489 2,180 1,228,423	193,025 526,373 9,869 2,507 1,289,844	202,676 547,428 10,264 2,883 1,354,336	212,810 569,325 10,675 3,315 1,422,053
6835 6864 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital	1,010,000 7,500 820 1,181,192 1,081,415	400,000 7,500 943 916,668 449,060	416,000 7,800 1,084 962,501 230,999	432,640 8,112 1,247 1,010,627 41,569	449,946 8,436 1,434 1,061,158 37,650	166,742 467,944 8,773 1,649 1,114,216 321,479	175,079 486,662 9,124 1,896 1,169,927 150,600	183,833 506,128 9,489 2,180 1,228,423 150,600	193,025 526,373 9,869 2,507 1,289,844 150,600	202,676 547,428 10,264 2,883 1,354,336 150,600	212,810 569,325 10,675 3,315 1,422,053 150,600
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities	1,010,000 7,500 820 1,181,192	400,000 7,500 943 916,668 449,060 72,346	416,000 7,800 1,084 962,501 230,999 75,963	432,640 8,112 1,247 1,010,627 41,569 79,761	449,946 8,436 1,434 1,061,158 37,650 83,749	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232
6835 6864 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress	1,010,000 7,500 820 1,181,192 1,081,415 68,901	400,000 7,500 943 916,668 449,060 72,346 575,000	416,000 7,800 1,084 962,501 230,999 75,963 598,000	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities	1,010,000 7,500 820 1,181,192 1,081,415 68,901	400,000 7,500 943 916,668 449,060 72,346	416,000 7,800 1,084 962,501 230,999 75,963	432,640 8,112 1,247 1,010,627 41,569 79,761	449,946 8,436 1,434 1,061,158 37,650 83,749	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense	1,010,000 7,500 820 1,181,192 1,081,415 68,901	400,000 7,500 943 916,668 449,060 72,346 575,000	416,000 7,800 1,084 962,501 230,999 75,963 598,000	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service	1,010,000 7,500 820 1,181,192 1,081,415 68,901 - \$4,018,571	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense	1,010,000 7,500 820 1,181,192 1,081,415 68,901	400,000 7,500 943 916,668 449,060 72,346 575,000	416,000 7,800 1,084 962,501 230,999 75,963 598,000	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge	1,010,000 7,500 820 1,181,192 1,081,415 68,901 - \$4,018,571 \$0	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$312,922	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge Net Funds Available	1,010,000 7,500 820 1,181,192 1,081,415 68,901 \$4,018,571 \$0 (\$1,039,530)	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0 \$0 \$50,090	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922 \$463,140	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922 \$23,700	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922 \$24,800	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$312,922 \$26,300	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922 \$27,700	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922 \$29,300	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922 \$31,000	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922 \$32,800	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922 \$34,900
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge Net Funds Available Beginning Balance	1,010,000 7,500 820 1,181,192 1,081,415 68,901 - \$4,018,571 \$0 (\$1,039,530) 1,039,600	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0 \$0 \$50,090 70	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922 \$463,140 50,160	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922 \$23,700 513,300	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922 \$24,800 537,000	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$3,346,470 \$312,922 \$26,300 561,800	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922 \$27,700 588,100	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922 \$29,300 615,800	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922 \$31,000 645,100	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922 \$312,922 \$32,800 676,100	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922 \$312,922 \$34,900 708,900
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge Net Funds Available	1,010,000 7,500 820 1,181,192 1,081,415 68,901 \$4,018,571 \$0 (\$1,039,530)	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0 \$0 \$50,090	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922 \$463,140	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922 \$23,700	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922 \$24,800	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$312,922 \$26,300	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922 \$27,700	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922 \$29,300	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922 \$31,000	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922 \$32,800	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922 \$34,900
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge Net Funds Available Beginning Balance Ending Fund Balance	1,010,000 7,500 820 1,181,192 1,081,415 68,901 - \$4,018,571 \$0 (\$1,039,530) 1,039,600	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0 \$0 \$50,090 70	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922 \$463,140 50,160	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922 \$23,700 513,300	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922 \$24,800 537,000	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$3,346,470 \$312,922 \$26,300 561,800	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922 \$27,700 588,100	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922 \$29,300 615,800	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922 \$31,000 645,100	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922 \$312,922 \$32,800 676,100	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922 \$312,922 \$34,900 708,900
6835 6864 6881 6881 6881 6881	Other Special Departmental Expenses Fleet Service Charge Utilities Treatment O&M Expense Treatment Capital Utilities Construction In Progress Total Expense Debt Service Amortize Watsonville Capital Charge Net Funds Available Beginning Balance	1,010,000 7,500 820 1,181,192 1,081,415 68,901 - \$4,018,571 \$0 (\$1,039,530) 1,039,600	400,000 7,500 943 916,668 449,060 72,346 575,000 \$3,027,671 \$0 \$0 \$50,090 70	416,000 7,800 1,084 962,501 230,999 75,963 598,000 \$2,882,345 \$312,922 \$463,140 50,160	432,640 8,112 1,247 1,010,627 41,569 79,761 621,920 \$2,811,305 \$312,922 \$23,700 513,300	449,946 8,436 1,434 1,061,158 37,650 83,749 646,797 \$2,931,798 \$312,922 \$24,800 537,000	166,742 467,944 8,773 1,649 1,114,216 321,479 87,936 672,669 \$3,346,470 \$3,346,470 \$312,922 \$26,300 561,800	175,079 486,662 9,124 1,896 1,169,927 150,600 92,333 699,576 \$3,313,322 \$312,922 \$27,700 588,100	183,833 506,128 9,489 2,180 1,228,423 150,600 96,950 727,559 \$3,458,444 \$312,922 \$29,300 615,800	193,025 526,373 9,869 2,507 1,289,844 150,600 101,798 756,661 \$3,611,528 \$312,922 \$31,000 645,100	202,676 547,428 10,264 2,883 1,354,336 150,600 106,888 786,927 \$3,773,213 \$312,922 \$312,922 \$32,800 676,100	212,810 569,325 10,675 3,315 1,422,053 150,600 112,232 818,404 \$3,944,225 \$312,922 \$312,922 \$34,900 708,900

[1] From customer billing list. Includes adding Susan Street (62 units) and Gonda (34 units) residential projects beginning FY 2026-27 over 3 years.

[2] Assumes a connection fee of \$1,860 in FY 2026-27 increasing at 3.0% annually.

[3] Includes 90 days of annual O&M expenses. Excludes treatment capital and constuction in progress.

### Rate Study Results – Scenario 2

#### Projected Financial Statement - Scenario 2 Pajaro County Sanitation District

		Budget					Project	ted				
Account	Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Proposed Rate Increase (July 1)		144.0%	19.0%	14.1%	12.4%	9.1%	4.0%	4.0%	4.0%	4.0%	4.0%
	Number of EDUs [1]	1,761.04	1,761.04	1,793.04	1,825.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04
	Projected Average Charge Per EDU	\$25.08	\$61.20	\$72.85	\$83.15	\$93.42	\$101.92	\$105.99	\$110.23	\$114.64	\$119.23	\$124.00
	Current and Projected (Prop 218) SFR Charge	\$25.08	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$104.00	\$108.16	\$112.49	\$116.99	\$121.67
	Revenue											
4010	Property Tax - Current Secured	\$268,810	\$276,874	\$290,363	\$304,411	\$319,041	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612
4015	Property Tax - Current Unsecured	12,052	12,293	12,539	12,790	13,046	13,307	13,573	13,844	14,121	14,403	14,691
4025	Property Tax - Prior Secured	2,653	2,733	2,866	3,004	3,149	3,243	3,243	3,243	3,243	3,243	3,243
4035	Property Tax - Current Supplemental	4,141	4,141	4,224	4,308	4,394	4,482	4,572	4,663	4,756	4,851	4,948
4040	Property Tax - Prior Supplemental	350	350	357	364	371	378	386	394	402	410	418
4250	Road Privileges and Permits	300	300	300	300	300	300	300	300	300	300	300
4600	Investment Income	-	251	2,276	2,954	3,685	4,560	6,332	7,869	8,171	8,490	8,828
5020	State Disaster Relief	-				,				,		,
5030	Homeowners Property Tax Relief	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273
5290	Federal Aid Other	1,160,163	-	-	-	-	-	-	-	-	-	-
5680	Sanitation Services	530,000	1,293,246	1,567,399	1,820,993	2,081,891	2,271,127	2,361,972	2,456,451	2,554,709	2,656,897	2,763,173
5855	Other Reimbursements	914,299	-,,	-,,	-	-,,	-	-,,	-	-	-	-,
5940	Operating Transfers In	85,000	1,486,300	1,355,700	1,026,500	868,700	1,108,500	1,184,061	984,017	1,039,863	1,100,456	1,166,561
	Connection Fee Revenue [2]	,	-,	20,460	21,120	23,760	-	-,,	-	-	-,,	-,,
	Total Revenue	\$2,979,041	\$3,077,761	\$3,257,757	\$3,198,017	\$3,319,610	\$3,735,782	\$3,904,324	\$3,800,666	\$3,955,450	\$4,118,935	\$4,292,047
	Expense											
6231	Communication Charges - External	\$1,927	\$2,004	\$2,084	\$2,167	\$2,254	\$2,344	\$2,438	\$2,536	\$2,637	\$2,742	\$2,852
6262	Insurance - General Liability (Recoverable)	321,450	334,308	347,680	361,587	376,050	391,092	406,736	423,005	439,925	457,522	475,823
6266	Insurance - Property	14,719	17,663	21,196	25,435	30,522	36,626	43,951	52,741	63,289	75,947	91,136
6311	Buildings & Improvements Maintenance - External	200,000	115,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
6609	Other Personnel Services	130.647	137,179	144,038	151,240	158,802	166,742	175.079	183,833	193.025	202,676	212,810
6613	Other Professional & Special Services	1,010,000	400,000	416,000	432,640	449,946	467,944	486,662	506,128	526,373	547,428	569,325
6835	Other Special Departmental Expenses	7,500	7,500	7,800	8,112	8,436	8,773	9,124	9,489	9,869	10,264	10,675
6864	Fleet Service Charge	820	943	1,084	1,247	1,434	1,649	1,896	2,180	2,507	2,883	3,315
6881	Utilities					_,		-,				-,
6881	Treatment O&M Expense	1,181,192	916,668	962,501	1,010,627	1,061,158	1,114,216	1,169,927	1,228,423	1,289,844	1,354,336	1,422,053
6881	Treatment Capital	1,081,415	449,060	230,999	41,569	37,650	321,479	150,600	150,600	150,600	150,600	150,600
6881	Utilities	68,901	72,346	75,963	79,761	83,749	87,936	92,333	96,950	101,798	106,888	112,232
7551	Construction In Progress	-	575,000	598,000	621,920	646,797	672,669	699,576	727,559	756,661	786,927	818,404
	Total Expense	\$4,018,571	\$3,027,671	\$2,882,345	\$2,811,305	\$2,931,798	\$3,346,470	\$3,313,322	\$3,458,444	\$3,611,528	\$3,773,213	\$3,944,225
		+ .,,	+-,,	<b>*</b> -//-	+-,,	+-,,		+-,,		+-//		+-,
	Debt Service											
	Amortize Watsonville Capital Charge	\$0	\$0	\$312,922	\$312,922	\$312,922	\$312,922	\$312,922	\$312,922	\$312,922	\$312,922	\$312,922
	,					,						
	Net Funds Available	(\$1,039,530)	\$50,090	\$62,490	\$73,790	\$74,890	\$76,390	\$278,080	\$29,300	\$31,000	\$32,800	\$34,900
	Beginning Balance	1,039,600	70	50,160	112,650	186,440	261,330	337,720	615,800	645,100	676,100	708,900
	Ending Fund Balance	\$70	\$50,160	\$112,650	\$186,440	\$261,330	\$337,720	\$615,800	\$645,100	\$676,100	\$708,900	\$743,800
		÷	+,	<i>,,.</i>		+,- 30	,, <u>1</u> 0	+,- >0		,,	····/· ···	
	Reserve Targets											
	Operation and Maintenance Reserve (90 days) [3]		\$500,900	\$513,300	\$537,000	\$561,800	\$588,100	\$615,800	\$645,100	\$676,100	\$708,900	\$743,800
					, ,					, ,		

[1] From customer billing list. Includes adding Susan Street (62 units) and Gonda (34 units) residential projects beginning FY 2026-27 over 3 years.

[2] Assumes a connection fee of \$1,860 in FY 2026-27 increasing at 3.0% annually.

[3] Includes 90 days of annual O&M expenses. Excludes treatment capital and constuction in progress.

### Rate Study Results – Scenario 3

#### Projected Financial Statement - Scenario 3 Pajaro County Sanitation District

		Budget					Projec	ted				
Account	Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Proposed Rate Increase (July 1)		424.4%	3.3%	-4.3%	1.8%	14.5%	-1.0%	4.3%	4.4%	4.5%	4.5%
	Number of EDUs [1]	1,761.04	1,761.04	1,793.04	1,825.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04	1,857.04
	Projected Average Charge Per EDU	\$25.08	\$131.53	\$135.85	\$130.02	\$132.41	\$151.66	\$150.18	\$156.71	\$163.61	\$170.89	\$178.60
	Current and Projected (Prop 218) SFR Charge	\$25.08	\$129.46	\$131.05	\$125.58	\$128.03	\$149.35	\$130.18	\$154.33	\$161.12	\$168.29	\$175.89
	current and Projected (Prop 216) SPR charge	ŞZJ.06	\$125.40	\$151.05	\$125.56	\$120.05	\$145.55	\$147.50	\$154.55	\$101.12	\$106.25	\$175.65
	Revenue											
4010	Property Tax - Current Secured	\$268,810	\$276,874	\$290,363	\$304,411	\$319,041	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612	\$328,612
4015	Property Tax - Current Unsecured	12,052	12,293	12,539	12,790	13,046	13,307	13,573	13,844	14,121	14,403	14,691
4025	Property Tax - Prior Secured	2,653	2,733	2,866	3,004	3,149	3,243	3,243	3,243	3,243	3,243	3,243
4035	Property Tax - Current Supplemental	4,141	4,141	4,224	4,308	4,394	4,482	4,572	4,663	4,756	4,851	4,948
4040	Property Tax - Prior Supplemental	350	350	357	364	371	378	386	394	402	410	418
4250	Road Privileges and Permits	300	300	300	300	300	300	300	300	300	300	300
4600	Investment Income	-	251	2,276	2,954	3,685	4,560	5,331	6,117	6,919	7,739	8,578
5030	Homeowners Property Tax Relief	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273
5290	Federal Aid Other	1,160,163	-	-	-	-	-	-	-	-	-	-
5680	Sanitation Services	530,000	2,779,546	2,923,099	2,847,493	2,950,591	3,379,627	3,346,744	3,492,310	3,645,914	3,808,194	3,980,074
5855	Other Reimbursements	914,299	-	-	-	-	-	-	-	-	-	-
5940	Operating Transfers In	85,000	-	-	-	-	-	-	-	-	-	-
	Connection Fee Revenue [2]		-	20,460	21,120	23,760	-	-	-	-	-	-
	Total Revenue	\$2,979,041	\$3,077,761	\$3,257,757	\$3,198,017	\$3,319,610	\$3,735,782	\$3,704,034	\$3,850,756	\$4,005,540	\$4,169,025	\$4,342,137
	Expense											
6231	Communication Charges - External	\$1,927	\$2,004	\$2,084	\$2,167	\$2,254	\$2,344	\$2,438	\$2,536	\$2,637	\$2,742	\$2,852
6262	Insurance - General Liability (Recoverable)	321,450	334,308	347,680	361,587	376,050	391,092	406,736	423,005	439,925	457,522	475,823
6266	Insurance - Property	14,719	17,663	21,196	25,435	30,522	36,626	43,951	52,741	63,289	75,947	91,136
6311	Buildings & Improvements Maintenance - External	200,000	115,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
6609	Other Personnel Services	130,647	137,179	144,038	151,240	158,802	166,742	175,079	183,833	193,025	202,676	212,810
6613	Other Professional & Special Services	1.010.000	400,000	416,000	432,640	449,946	467,944	486,662	506,128	526,373	547,428	569,325
6835	Other Special Departmental Expenses	7,500	7,500	7,800	8,112	8,436	8,773	9,124	9,489	9,869	10,264	10,675
6864	Fleet Service Charge	820	943	1,084	1,247	1,434	1.649	1,896	2,180	2,507	2,883	3,315
6881	Utilities			_,	_,	_,	_/	_,	_,	_,	_,	-,
6881	Treatment O&M Expense	1,181,192	916,668	962,501	1,010,627	1,061,158	1,114,216	1,169,927	1,228,423	1,289,844	1,354,336	1,422,053
6881	Treatment Capital	1,081,415	449,060	230,999	41,569	37,650	321,479	150,600	150,600	150,600	150,600	150,600
6881	Utilities	68,901	72,346	75,963	79,761	83,749	87,936	92,333	96,950	101,798	106,888	112,232
7551	Construction In Progress	-	575,000	598,000	621,920	646,797	672,669	699,576	727,559	756,661	786,927	818,404
,001	Total Expense	\$4,018,571	\$3,027,671	\$2,882,345	\$2,811,305	\$2,931,798	\$3,346,470	\$3,313,322	\$3,458,444	\$3,611,528	\$3,773,213	\$3,944,225
	Total Expense	<i>,,,,,,,,,,,,,,</i> ,,,,,,,,,,,,,,,,,,,,,,	\$3,027,071	<i>92,002,040</i>	92,011,505	<i>\$2,551,750</i>	<i>\$3,340,470</i>	<i>43,313,322</i>	Ş3,430,444	<i>\$</i> 3,011,320	<i>\$3,773,213</i>	<i>43,344,223</i>
	Debt Service											
	Amortize Watsonville Capital Charge	\$0	\$0	\$312,922	\$312.922	\$312,922	\$312,922	\$312.922	\$312,922	\$312,922	\$312,922	\$312,922
	And the trabolitine cupital charge	ŲŲ	ŶŬ	4512,522	4512,522	4512,522	4012,022	4512,522	4512,522	4512,522	4512,522	<i>4012,022</i>
	Net Funds Available	(\$1,039,530)	\$50,090	\$62,490	\$73,790	\$74,890	\$76,390	\$77,790	\$79,390	\$81,090	\$82,890	\$84,990
	Beginning Balance	1,039,600	70	50,160	112,650	186,440	261,330	337,720	415,510	494,900	575,990	658,880
	Ending Fund Balance	\$70	\$50,160	\$112,650	\$186,440	\$261,330	\$337,720	\$415,510	\$494,900	\$575,990	\$658,880	\$743,870
	-	÷. 5	+	,,	+,	+		+	+,	+	+	÷,
	Reserve Targets											
	Operation and Maintenance Reserve (90 days) [3]		\$500,900	\$513,300	\$537,000	\$561,800	\$588,100	\$615,800	\$645,100	\$676,100	\$708,900	\$743,800
			,			+,				,,		

[1] From customer billing list. Includes adding Susan Street (62 units) and Gonda (34 units) residential projects beginning FY 2026-27 over 3 years.

[2] Assumes a connection fee of \$1,860 in FY 2026-27 increasing at 3.0% annually.

[3] Includes 90 days of annual O&M expenses. Excludes treatment capital and constuction in progress.

#### Subsidy by Scenario – Over 5 yrs

	Subsidy						
<u>Scenario</u>	<u>Loans Forgiven</u>	<u>Loans Not Forgiven</u>					
1	\$7.86 million	\$5.92 million					
2	\$5.84 million	\$3.9 million					
3	\$O	(\$1.94 million)*					

\* Rates would increase by \$1.94 million over 5-year if loans are not forgiven

## Path Forward

- PCSD BOD selects Rate Scenario 1/23/24
- Engr's Report posted to PCSD Website 2/7/24
- <sup>3rd</sup> Community Meeting 3/19/24 & 3/21/24
- Board of Directors sets Public Hearing 4/23/24
- Public Hearing
- New rates become effective

6/12/24

7/1/24

# **Questions?**