



Prepared for The Gualala Community Services District
Asset Evaluation, Rate Study, and Revenue Strategies

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Prepared by:



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TABLE OF CONTENTS

Executive Summary.....ES-1

Section 1- Introduction..... 1

1.1 Rate Study Objectives..... 1

1.2 Rate Study Background..... 3

1.3 Existing Rate Structure..... 7

1.4 Legal Requirements 7

1.5 Rate Setting Methodology 8

Section 2- Financial Plan..... 9

2.1 Budget Assumptions..... 9

2.2 Revenues..... 15

2.3 Expenses 19

2.4 Debt Service..... 23

2.5 Wastewater Financial Plan 24

Section 3- Proposed Wastewater Rates 39

3.1 Approach 39

3.2 Cost of Service Analysis 40

3.3 Recommendations..... 46

Exhibits

A- CSA 6 General Cost Calculation

A1- SRGL FY 2021-22 Cost Allocation

A2- CSA 6 Treatment Cost Calculation

B- Audit Report FY 2020-2021

C- SWRCB Grant Funded Wastewater Project Engineering Report

D- Preliminary Asset List for WWTP, Collection System (STEP/STEG), and Lift Stations

E- Billing Calculation Spreadsheet for Collection and WWTP O&M

F- Preliminary Un-Audited GCSD FY 2021-22 Balance Sheet

PURPOSE OF RATE STUDY

MC Engineering, Inc. was retained by the Gualala Community Services District (GCSD) to assist in helping the District to become financially and fiscally sustainable. The GCSD received a grant in 2018 from the State Water Resources Control Board (SWRCB) to evaluate the ability to expand their service area and at the same time assess aging infrastructure, complete a new waste discharge permit, analyze existing rates, provide a rate study (report) and to evaluate their existing agreement with Sonoma County Water Agency's Community Service Area 6 (CSA 6). The GCSD entered into a "Tri-Party Agreement" with CSA 6 in order to process flows from the Sea Ranch North (SRN) development while discharging tertiary treated effluent on the Sea Ranch Golf Links (SRGL) golf course.

In lieu of expanding the service area, the re-focused purposes of the grant-funded engineering services and related rate study, can be summarized as follows:

1. Conduct a facility-wide condition assessment that included a comprehensive review of the operational condition of all wastewater facilities located within the GCSD service area, including the current condition of the wastewater collection system, STEP/STEG systems, lift stations, secondary and tertiary treatment facilities, and effluent disposal site (i.e. golf course). The rate study did not include a facility assessment of the CSA 6 Service Area collection system and lift stations.
2. Prepare a high-priority list of facility improvements and upgrades required to meet current and future CRWQCB WDRs while considering the need for reliable/dependable collection, transport, and treatment facilities to avoid health and safety and water quality impacts.
3. Conduct an evaluation and cost-of-service analysis while considering the current GCSD rate structure, current and future expenditures, along with the proposed impacts from inflation.
4. Develop a projected future revenue and financial plan for the entire GCSD wastewater enterprise to ensure financial sufficiency, meet current and proposed operation and maintenance (O&M) costs, and help ensure that there is sufficient funding for capital repairs and replacement needs.
5. Develop draft wastewater rate recommendations for a minimum five (5) year planning period based on fairness and equity to enhance revenue stability for recovering both fixed and variable costs while taking into consideration the first full year of O&M following the construction of the proposed SWRCB SRF improvements as outlined within the Engineering Report.
6. Review and provide initial recommendations of all revenue sources for fairness, equity, and benefit by analyzing the current rate structure and method of billing system for all customers, including the CSA-6/Tri-Party Agreement customers.
7. Provide recommendations regarding the methods used to generate future revenues as it directly relates to the timing and amount of user revenues received (cash flow). The goals included simplifying the customer billing methods and future structure in order to eliminate ambiguities and unpredictability while providing a stable revenue source for the on-going GCSD operations.
10. Provide initial recommendations for an updated new rate structure with adequate adjusted rates to meet the requirements of the financial plan, including the establishment of emergency and capital replacement reserves that will ultimately comply with all Proposition 218 requirements. These recommendations were developed for the consideration by the GCSD Board and to support on-going Tri-Party negotiations. It is recommended herein that the updated rate structure and adjustments be reviewed with some modifications in Fiscal Year 2023/24 and carried through to Fiscal Year 2027/28. It is also recommended that the FY 2021/22 financial audit be completed prior to adjusting and modifying rate increases.

BACKGROUND

The GCSD was formed in the late 1980s, to provide wastewater collection and treatment facilities to address failing septic systems in the Gualala area. A tertiary level wastewater treatment facility was designed and constructed in Sonoma County, south of the Gualala River, with financial support from the SWRCB Clean Water Grant Program. The SRN/CSA 6 (CSA 6) Service area was also required to pump waste flows to the new GCSD plant to avoid treated wastes from being discharged into seepage ponds. The Sea Ranch Golf Links (SRGL) also requested the purchase of recycled water for their 18-hole golf course. Recently the California Regional Water Quality Control Board has provided GCSD with a set of new waste discharge requirements (WDR) that have essentially precluded the use of the CSA 6 seepage ponds in the future. The new WDR and permit requires several new capital improvements to the CSA 6 and SRGL facilities for compliance, in addition to constructing a variety of other necessary improvements at the GCSD WWTP, as described in detail in Section 7 of the related Engineering Report.

The terms of the original Tri-Party Agreement were based on the GCSD Gualala area customers paying for most of the fixed operational costs while the SRN/CSA 6 customers were responsible for relatively small percentages of the overall costs, as determined and stipulated in the Agreement by various calculations for estimating increases in energy, chemicals, and un-burdened manpower to operate the plant. The findings in this report illustrate that the prior model is no longer fiscally sustainable for the GCSD and a combination of “fair share” costs must be collected from the CSA 6 customers in addition to significant rate increases for the GCSD Gualala customers in order for the GCSD to be financially viable in the future and to set aside some amount of capital replacement reserves while accounting for inflation. It should be noted that in addition to paying the majority of the fixed costs, the GCSD customers have also been solely responsible for past capital expenditures and related debt service at the WWTP with no financial participation from CSA 6.

It became evident through the course of the SWRCB funded Engineering Report that expanding the GCSD service area to include the sewerage of service area Zones 3-5, is not currently cost effective and the customers in the new proposed service area were not very interested in incurring the monthly costs, therefore, the focus shifted to bringing the existing facilities up to date in order to comply with the new permit while developing sustainable rates for the current customers. During the course of the identifying the GCSD system-wide facility needs it became very apparent that the condition of the existing facilities required immediate attention, due to the age and deteriorated condition. The rate increases recommended in this rate study are based on the presumption that a grant will be received from the SWRCB SRF Program in order to repair and replace identified existing failing treatment plant and collection system components and other related facilities, as identified in Section 7 of the accompanying Engineering Report. The current opinion of cost for these critical capital improvements is approximately \$10.7 million. In the absence of the proposed grant, the GCSD rate increases would need to be significantly higher than those that are recommended herein.

EXISTING RATES AND PROJECTED REVENUE SHORTFALLS

Currently, GCSD collects the majority of their revenues by applying approved customer water rates and then calculating both the residential and commercial customer's billing amounts, which are then submitted annually to the Sonoma County Tax Collector for collection through County tax assessments. There are some commercial customers that are billed on a monthly basis by GCSD. All customers are billed by a combination of flat rates and water usage (surcharge). Additional revenue is received annually from the SRGL for the purchase of golf course reclaimed irrigation water, CSA 6 on a quarterly basis, with a limited amount of revenue being generated from local septage haulers that dispose raw sewage into the aeration basin at the WWTP. The current annual operating budget is approximately \$1.0 million, including depreciation. The District currently receives (FY 2022/23) approximately \$155,000 annually from CSA 6 and an estimated \$85,000 from SRGL. A complete budget breakdown can be found in Table 2.3.1 of the rate study.

Currently GCSD charges residential customers a flat sewer charge for each billable unit along with an Annual Standby Fee, Special Assessment Fee, and County 2% Collection fee. Residential customers that use more than 76,656 gallons of water annually are billed for the overage based on a rate of \$0.0280 per gallon, with this rate being increased by \$.0005 annually. The total base rate per residential customer was set at \$1,153 per unit for 2020/2021, and does not include a water usage surcharge. Commercial customer rates are billed yearly based on the water usage between July 1 and June 30. If usage is below 76,656 as determined from the water sales by North Gualala Water Company (NGWC), the commercial customers are billed the same as the residential customers. Collectively, the sewer fees and assessment in Gualala provide approximately 70-72% of the annual revenue while the CSA 6 related revenue is approximately 18-22% of the total annual revenue. There is a disparity given the fact that the historical flows from SRN have made up approximately 60% of the influent flows.

A cost-allocation calculation and table were developed by MC Engineers and the staff of GCSD, that specifically determined the yearly O and M costs for the collection system and was based on budget information derived from the FY 2020/21 budget. Based on the cost allocation table, the GCSD cost to operate and maintain the collection system is approximately 25% of the overall yearly wastewater facility operations budget or approximately \$195,000/year of the total operating budget of \$776,000 for FY 2020/21. An effort was made to separate the collection system related costs in order to determine the fair share of the treatment facility related operational costs when determining the recommended rate increases for both GCSD and CSA 6. Currently, the rates are increased annually at a rate of 2%, which have not been applied to the CSA service area. Beyond 2022/23 it is suggested that the SRGL contribution be re-considered as described further in the main rate study.

In order to assess future impacts without rate increases MC Engineering develop several scenarios with 5-year projections, including the application of projected inflationary cost increases applied to the overall wastewater facilities operations, as noted by the following:

- I. Status Quo Rates with Exiting 2% Annual Rate Increases and Yearly Inflationary Cost Increases Applied to All O and M Costs (limited CSA 6 contribution): This scenario assumed the current contributions of CSA 6 will continue and be limited to \$165,371 annually as recently negotiated for the short term. The result of this scenario was that the GCSD would potentially have a \$676,000 deficit in five years based on our assumed inflation and future expenses (see **Table 2-8.1** for more information).
- II. Status Quo Rates with Exiting 2% Annual Rate Increases and Yearly Inflationary Cost for Services Applied (equitable CSA 6 contribution): This scenario assumes the CSA 6 contribution increases to \$230,000/year annually with the standard 2% increase applied to all rates. The result of this scenario lowered the projected deficit to \$357,229 in five years, which indicates the true impact of lower yearly for the wastewater service provided to CSA 6. (See **Table 2.8.1b** for more information).

The two main Status Quo scenarios above make it very clear that rate increases are required to make the GCSD fiscally sustainable, including the application of more equitable reimbursements from CSA 6. These two-status quo tables do not take into account required and necessary emergency and replacement reserves along with the establishment of a positive target balance, which are shown and illustrated in **Table 2-9.1**.

Table 2-9.1 is the overall recommended financial plan that includes annual inflationary operational cost increases and provides for and establishes a recommended emergency and capital replacement fund along with a recommended yearly "Target Balance". It also allows for the borrowing from the capital replacement fund on a year-to-year basis. This proposal is similar to **Tables 2-8.1** and **2-8.1b** in that it requires rate increases along the application of more equitable reimbursements from CSA 6 to maintain fiscal sustainability.

RECOMMENDED RATE STRUCTURE AND PROPOSED INCREASES

A proposed scenario was developed in order to balance the annual budget and at the same time, generate necessary capital and emergency operating reserves. The results for the proposed budget to be considered by the GCSD Board, and to form the basis for important on-going negotiations with CSA 6, are summarized in **Table ES-1** (or **Table 3-2.1** in the main report). As shown in this table, the proposed rate increases utilize existing capital reserves to initially minimize large deficits and ultimately result in a positive balance after the completion and first year (partial) of operation of the grant funded facilities (FY 2023/24). By the end of the 5-year rate forecast period, the reserves approach \$90,000 at the end of FY 2027/28, even with the utilization of the reserves to assist in the balancing of the budget.

Table ES-1 - Proposed Rate Increase with Targeted Amounts and Transfer from Reserve Funds

Main Categories	Current and Future Budget Proposals						
	FY 2021-2022 (Yr. End Projections)	FY 2022/23	FY 2023/24	FY 2024/25	1st Yr of Operations - Completion of Grant Funded Project FY 2025-2026	2nd Yr of Operations - Completion of Grant Funded Project FY 2026-2027	3rd Yr of Operations - Completion of Grant Funded Project FY 2027-2028
Existing and Proposed Rate Increase	2% (Existing)	2% (Existing)	18%	10%	5%	3%	3%
Net Income Per Budget Preparation (No Reserves) - Un-Audited Amount	-\$38,436	-\$109,767	-\$16,725	\$23,993	-\$5,448	\$13,703	\$37,611
End of Year Reserves and Balance ^{(1)/(2)}	\$10,000	\$0	\$0	\$20,000	\$30,000	\$20,000	\$20,000
Projected Year-End Net Balance (No reserves or carryover applied)	\$26,237	-\$109,767	-\$16,725	\$43,993	\$24,552	\$33,703	\$57,611
Year-End Net Balance with Reserves (Applied) and Carryover Amounts	\$36,237	-\$73,530	-\$90,255	-\$46,262	-\$21,710	\$11,993	\$69,604
EMERGENCY AND CRP RESERVES AVAILABLE (Bank)			\$20,000	\$25,000	\$20,000	\$45,000	\$85,000

Notes:

- (1) This is a nonaudited bank reserve for FY 2021/22 and is just an estimate and supplied by the GCSD staff. Awaiting final results of the 2021/22 Year-End Audit
- (2) Starting in FY 2023/24 borrow form CRP and Emergency Fund till FY 2027/28

CRP and Reserves (Accumulative - No Transfers)	\$20,000	\$45,000	\$70,000	\$115,000	\$175,000	Balance
Budgeted Reserves	\$20,000	\$25,000	\$25,000	\$45,000	\$60,000	\$175,000
Transfer to Budget	\$0	\$20,000	\$30,000	\$20,000	\$20,000	\$90,000
Balance	\$20,000	\$25,000	\$20,000	\$45,000	\$85,000	\$85,000

CONCLUSIONS AND RECOMMENDATIONS

Four very important recommendations that should be evaluated which will have a significant and positive impact on future rate setting include the following:

- I. Provide accurate year end data (costs, revenues, and bank reserves) through a thorough FY 2021/22 Audit to apply to proposed rate increase spreadsheet - **Table 3-2.1**. The current year-end balance and reserve projections are estimations only, with information as supplied by the GCSD staff. The proposed rate increase is only per spreadsheet can be adjusted by the Staff and the Board since it is only a recommendation with non-audited data.
- II. GCSD should establish a new rate schedule that is strictly based on the establishment of equitable equivalent dwelling units (EDUs). While considering typical water usage per EDU, the reimbursements should not rely on water use calculations based on NGWC data. A similar EDU based approach can also be applied for billing commercial customers. The staff of the GCSD would be required to prepare an equitable EDU rate table that would calculate the commercial EDUS based on historic flows records attained from the NGWC initially using their historical water usage records. A preliminary gpd/EDU calculation for the GCSD customers was estimated using FY 2020/21 records and is assumed to range from 70 GPD to 120 GPD per EDU. This value should be confirmed based on further review by GCSD staff.
- III. It is recommended that GCSD convert all commercial customers to a monthly billing program to improve monthly cash flow.
- IV. The existing Tri-Party Agreement with CSA 6 should be renegotiated with the goal of acquiring the recommended funding for CSA 6 to pay for its portion of the required treatment and disposal of raw sewage to the GCSD WWTP and Reclamation Facility. (It assumes that cost associated with BOD and TSS are considered equal on an EDU basis). This proposed amendment to the Tri-Party agreement is pending.
- V. The cost of water identified in the Tri- party Agreement for supplying water to the Sea Ranch Golf Links (SRGL) should be re-evaluated in the future. It is recommended that SRGL, GCSD, and CSA 6 share in the on-going monitoring expenses and related costs for treating and supplying water to the SRGL. The existing Tri-Party agreement is currently based on the SRGL paying all costs associated with the tertiary treatment and disposal of the total waste flows. This re-allocation of the cost for tertiary water is currently pending.

1 INTRODUCTION

1.1 RATE STUDY OBJECTIVES

Rate Study Overview

There were seven (7) major budget and rate components that were evaluated as part of this study, that will be addressed separately. These included the following:

1. Operation and Maintenance Costs (manpower, energy, chemical, lab/testing, parts supplies, and other misc. expenses)
2. Capital Replacement Costs (short-term/emergency reserve funds)
3. Capital Improvement Costs (Long-term replacement-capital replacement reserves CRP)
4. Short-term small asset replacement lists
5. Debt service financing for current and future replacement programs (i.e. grants and loans)
6. Inflationary factors
7. Consideration of the 1st year of operation of the wastewater treatment facilities' following the construction of the recommended improvement projects as described and approved within the SWRCB grant funded Project Report. Current operation and maintenance costs which were evaluated by reviewing existing budgets and annual audit reports.

It should be noted that in order to truly capture asset depreciation, associated costs, and life expectancy, an abbreviated (draft) "Asset Management List" was prepared and is presented as a guide for future GCSD capital replacement budgeting, as further described in Section 9 of the Project Engineering Report. Significant input from the GCSD staff was provided and additional follow-up discussions, meetings, and decisions will be necessary to formalize both short and long-term financing strategies. This will include possible rate adjustments based on the recommendations herein.

This rate study also took into account recommended emergency and required capital improvements as outlined with the Project Engineering Report. All projects and costs developed within the Project Report were influenced by the following factors (among others): water quality/health and safety needs, time constraints, new State regulatory permit requirements, rate stabilization, access to facilities and safety, financing, wildfire suppression, unfunded liabilities, and future asset replacement preparedness. It is assumed that the GCSD will acquire 100% grant funding from the SWRCB to finance those identified system-wide infrastructure improvements totaling an estimated \$10,713,887 (opinion of costs), which when completed, will allow the GCSD to "jump start" its capital replacement plan and minimize its future borrowing of funds to repair and replace old and deteriorated facility components. Final costs may vary at the time of bidding based on variables such as inflation, supply chain issues, and overall economic conditions.

It is important to note that this study only analyzes the budgeting requirements and year end net operating balances. It does not address the required yearly cash flow requirements associated with the billing, payroll, accounts receivable and other fiscal responsibilities that are directly related to cash flow. The purpose of the study is to evaluate the GCSD year-end balance, proposed yearly budgets, and revenue required for meet yearly budget expenses. It is expected that there will be some recommendations to simplify the method in which revenues are received from customers in

the form of new rate structures and changes to prior billing practices in order to allow for a more predictive month-to-month accounting of expenses and revenues.

Rate Study Objectives

The major objectives of this study include the following:

1. Preparing a “Cost of Services” analysis for all the existing, proposed and recently mandated, wastewater facilities.
2. Developing a revenue and financial plan for all the wastewater enterprises to ensure financial sufficiency, meet current and proposed operation and maintenance (O&M) costs, and to help ensure that there is sufficient funding for capital repairs and replacement (R&R) needs.
3. Developing (draft) wastewater rates for a five (5) year planning period to help ensure fairness and equity is incorporated into future rates, and to enhance revenue stability for recovering both fixed and variable costs while taking into consideration the first year of operations following the construction of the proposed system-wide improvements as outlined within the Project Report and as required by the new waste discharge requirements.
4. Outlining the framework for a new rate structure that complies with Proposition 218 requirements. This initial framework is intended to form the basis for various on-going negotiations and determinations by the GCSD General Manager, the GCSD Board, and the Sonoma County CSA 6 representatives.
5. Providing a list of system-wide facility assets (large components) including pipelines, large pump stations, interceptor tanks, small STEP system pumps, wastewater treatment and reclamation facilities (pumps, motors, treatment facility structures, electric panels and SCADA, operations and administration buildings and other appurtenances).
6. Developing an asset list to be used for a 5,10, 25, and 50-year capital replacement program that will allow for sufficient revenue to be collected to avoid catastrophic system-wide failures by identifying required future emergency and capital improvement funding needs.
7. Reviewing and providing recommendations related to all existing and potential future revenue sources for fairness, equity, and benefits. This included evaluating the existing Tri-Party Agreement, current rate structures, method of billing customers and timing of when revenue is received by GCSD.
8. Providing recommended improvements to the current residential and commercial billing system to improve existing practices while helping to develop a dependable revenue source and to establish a long-term program of budgeting while generating adequate emergency and capital replacement reserves.

Other objectives and considerations for rate setting and revenue generation include consideration of on-going revenue streams, cost-based charges, stability of revenue sources (including those contained in the Tri-Party Agreement), economic and equitable rate setting, understandable rate structures, and compliance with State and Federal requirements that are legally defensible.

1.2 RATE STUDY BACKGROUND

2022 Project Report

In conjunction with the SWRCB Planning Grant and Project Engineering Report (Project Report), dated February, 2022, the staff of Gualala Community Services District (GCSD) and MC Engineering has evaluated the past and present cost for operations for all the existing GCSD wastewater facilities. A system-wide infrastructure evaluation was also conducted which provides detailed documentation and an overall system condition system assessment, with focus on compliance with both State and Federal regulations. The rate study is supported by the Project Engineering Report, which provides preliminary civil engineering evaluation and designs of recommended system-wide facility needs with additional detailed information. The system-wide comprehensive evaluation included the following:

- Field review of the major GCSD wastewater facilities, including large lift stations, STEP/STEG Systems, visible pipelines, wastewater treatment facilities (primary, secondary, and tertiary), solids storage and handling, administration and utility buildings.
- A record search and review of past ordinances, resolutions, plans and specifications as they relate to the both the original and upgraded wastewater facilities.
- Preparation of a comprehensive plan (Project Report) that addresses both short-term (emergency) and long-term capital improvements for all major facilities, to minimize potential adverse water quality and public health impacts.
- Review of ordinances and resolutions that pertain to the cost of operation and establishment of equitable rates, including O and M repair and replacement and large capital improvements. This review was intended to help to ensure that GCSD meets current waste discharge requirements as imposed and regulated by the California Regional Water Quality Control Board (CRWQCB).
- Evaluation of the overall collection system, including providing a GPS/GIS mapping system for identification, assistance in locating, and monitoring of major facilities.
- Working closely with the CRWQCB in order to update the original waste discharge permit as it related to both the wastewater treatment plant and reclamation disposal facilities. This work culminated in issuance of a new Order No. R1-2022-004 (WDID No. 1B89005RMEN) which was adopted in April of 2022.
- Reviewed with the GCSD staff all yearly budgets over the last 5-years, including the past three years of financial audits.
- Discussed and reviewed with CoBank of Denver Colorado, the status of the most recent long-term facility (capital infrastructure) loan for a new secondary clarifier that was completed approximately 10 years ago. The review evaluated the ability of GCSD to meet its prior and newly identified funding obligations.
- Reviewed the existing Tri-Party Agreement between Sonoma County (CSA 6) and the Sea Ranch Golf Links (SRGL) for fair fairness and equity and provided recommendations.
- Acquired the invaluable support from both the staff and Board for their pro-active approach to assure that recommendations and future actions will assure both short-term and long-term system-wide financial sustainability.
- Obtained background information on existing Co-Bank loan.

Ordinances and Agreements

Prior approved GCSD ordinances and agreements are a vital component for implementation of all fees and charges needed to provide the necessary revenue to adequately fund the overall GCSD budget(s). It is important to note that during the record search conducted by the MC Engineering team and GCSD staff, it was found that a vast majority of the older administration records were destroyed by water damage. Efforts were made by both parties to acquire records and pertinent information from other sources, including the CRWQB files in Santa Rosa. Certain files were found that assisted the team in making some decisions and accurate recommendations. There is still missing data, however, over-time the GCSD may be able to find and replicate those missing files. It is recommended that once the SWRCB SRF Program staff occupies their offices in Sacramento, that the GCSD staff request permission to access for research the old grant files which may provide additional historical information pertaining the initial funding and design requirements for the existing wastewater facilities.

The following is a list of the ordinances, agreements, and policies that affect the current rate setting and revenue programs implemented by the GCSD:

- Ordinance No. 2010-1
- Ordinance No. 2014-1
- Ordinance No. 2016-2
- Tri-Party Agreement with Sonoma County and SRGL for both Raw Sewage and Reclaimed Effluent (Revision, dated 2/18/2016)
- Ordinance No. 1993-1

Tri-Party Agreement Financial Review and Considerations

As described in other sections of this report, MC Engineering reviewed and evaluated the existing Tri-Party Agreement (Agreement) between GCSD, Sonoma County Water Agency (CSA 6), and Sea Ranch Golf Links (SRGL). The Agreement defines, among other things, financial obligations of the various parties, including requirements for reimbursements to GCSD by the SRGL for tertiary treated water used to irrigate the golf course and the CSA 6 for secondary treatment of flows from their existing primary settling pond. This evaluation assumes that the GCSD will continue to maintain those facilities as described and approved with the Tri-Party Agreement. CSA 6 will continue to be responsible for the O&M of their collection system and the related aerated pond pumping.

As described previously in Section 1, of the Project Engineering Report, the CSA 6 is responsible for reimbursing GCSD for their calculated share of costs for secondary treatment at the GCSD WWTP. MC Engineering drew upon the original assumptions and allocations to provide an updated pro-rata share of costs for future billing to CSA 6 and the SRGL that are currently being re-negotiated.

After reviewing the past operational costs, capital improvements, and revenues, serious considerations were given to lack of revenue and disparity between GCSD and CSA 6, based on the amount of waste flow that was being treated at the WWTP. This revenue gap, as described later in this report, impacts the single-family and commercial rates charged to the GCSD customers which is currently approximately \$98/month per customer or equivalent dwelling unit (EDU). This per EDU rate is considered at the "upper-end" of the state averages for smaller communities and

especially a financially disadvantaged community. The Tri-Party Agreement is currently being re-evaluated and negotiations were on-going upon completion of this report concerning various factors as summarized below:

- The current CSA 6 cost sharing amount is based primarily upon the incremental variable costs associated with the operation of the wastewater treatment facilities. An amended Tri-Party Agreement will exclude any cost(s) associated with the operation and maintenance of the GCSD's collection system through cost-allocation assumptions. (see **EXHIBITS A and A1**).
- Updated assumptions regarding kWh usage, including energy required for secondary treatment and mixing.
- Additional costs for biosolids management associated with new permit mandates for handling and disposing of sludge generated at the GCSD WWTP.
- Modifications to the incremental and pro-rata basis for the sharing of O and M and capital replacement cost assigned to CSA 6 based on the most recent flow data which results in a higher proportion of the flow coming from the CSA6 service area than the GCSD customers.
- Strengths and loadings of all waste flows and identifying any significant variations in organic loadings at the WWTP: It is important to note that the staff of the GCSD also determined that the variations in BOD's and TSS loadings between the CSA 6 and GCSD service areas are considered negligible. The small amount of commercial activity with the GCSD service area along with the requirement that all commercial and residential establishments provide interceptor tanks to collect primary waste solids, which are pumped out and delivered to a landfill on a regular basis, should be taken into consideration. As a result, a flow based allocation is recommended in this study in order to simplify cost sharing agreements and rates.
- New approved Waste Discharge Order No. R1-2022-004 (WDID No. 1B89005RMEN) identified both treatment and recycled water facility upgrades and improvements affecting all Tri-Party participants.
- It was reported that between 1993 to 2015, the CSA 6 Service Area failed to pay any operation and maintenance fees to the GCSD.
- The current Tri-Party agreement assumes that CSA 6 has had no responsibility for capital improvement cost(s) for old and deteriorated facilities. Over the last 12 years the GCSD has spent over \$1.0 million dollars to upgrade and improve its old and deteriorated facility treatment components with no financial assistance from either Tri-Party beneficial user including CSA 6 and SRGL.
- The responsibilities for wastewater disposal (recycled water) are solely placed on the SRGL, even though there are other primary beneficiaries, including GCSD and CSA 6, whom are required to discharge all treated wastewater per CRWQCB waste discharge requirements. The full burden of this cost should be re-evaluated for fairness and equity.
- CSA 6 was not required to pay the full GCSD wastewater connection fees when their facility was connected to the WWTP.

GCSD prepared, with assistance from MC Engineering, a revised cost for service calculation (see **EXHIBITS A and A1**) using current WWTP operational data and costs per the approved 2016 formula. The resulting derived costs to apply the CSA 6 billing were in excess of \$13.25/1000 gallons. Costs were found to be similarly based on the last five-year average of waste flows discharged into the GCSD WWTP and using the yearly total costs of service. This method of calculating the cost for treatment is being reevaluated using strictly a flow-based approach as discussed, assuming the amount of BOD and TSS loadings per gallon of waste flow are similar between the GCSD and the CSA 6 Service Areas.

The Tri-Party Agreement currently lays out the method by which the SRGL is required to pay for treating water at the GCSD plant to tertiary levels. Once again, MC Engineering relied on previously established formulas and methodologies to provide updated estimates for reimbursements by SRGL to GCSD for the tertiary treatment associated with the golf course reclaimed water supply system (see **EXHIBIT A1**). Updated costs for the SRGL took into consideration the following variables:

- Re-assessment of the time allotted to tertiary treatment by GCSD staff.
- More appropriate billing rates for GCSD staff based on their fully burdened rates.
- Miscellaneous increases in materials and supplies, including those associated with disinfection and filtration.

The GCSD and CSA 6 do not pay for any costs associated with the tertiary treatment and disposal of effluent, including land application. As such, the operational and maintenance cost burden is being placed solely on the “backs” of the SRGL.

In addition to the operational cost related aspects of the Agreement, GCSD will be incurring additional capital expenditures associated with a combination of obsolete and/or deteriorated equipment, and new improvements mandated based on state permit requirements. These requirements and deficiencies are explained in detail in previous sections of the Project Report (see Section 7). The Tri-Party agreement has provisions to re-assess and negotiate “in good faith” as the agreement is renewed every five years. The final financial requirements of CSA 6/SCWA and SRGL for reimbursing GCSD for increases in secondary treatment costs, tertiary treatment costs, and new capital improvements are subject to negotiations with some of the key assumptions being included in this rate study/report. It is recommended that the initial findings and costs developed in this report be used to facilitate discussions for finalizing the updates to the Tri-Party related cost sharing components and that the resulting budget impacts be included within the GCSD FY 2022/23 budgets. Because this is a public document which provides details pertaining to GCSD’s current financial position and required revenue for sustainability, an appropriate public forum (218 Hearing) will be required with considerations given to both the Tri-Party negotiations and the pending SWRCB grant funding for related amortized capital costs if required.

It is recommended that the GCSD continues its negotiations with the Tri-Party participants regarding any determinations and revisions to coincide with the recommended proposed revenue plan and proposed rate adjustment process to be undertaken immediately and approved in the Fall of 2022.

1.3 EXISTING RATE STRUCTURE

Prior Rate Setting Process Overview

The existing GCSD sewer rates were originally adopted in 1993 with Ordinance No 1993-1. There have been changes to the rate structure over the last 28 years with the most recent rate adjustment and hearing being conducted in 2016. This latest rate adjustment was performed in accordance with the 218 guidelines as required by state law. Both fixed and variable costs are calculated each year during the budget preparation and approval process. The rate adjustment and rate setting in 2016 was approved by Ordinance No. 2016-2 and it included an automatic year to year inflationary cost increase (2% flat rate-residential) and (\$.0005/gallon-commercial). The Ordinance requires that this annual increase be evaluated every five (5) years.

Comparison to Nearby Utility Rates

During the course of this study, the SWRCB provided the team with an overall California Agency rate comparison spreadsheet that evaluates all utilities from 100 connections to 100,000 connections. This rate study also defines the cost/rates associated with secondary and tertiary level facilities. It was found that GCSD is in the 90th percentile of the highest rates per customer in California, based on surveys conducted by the SWRCB. This is not surprising given the relative complexity of the tertiary treatment facilities, limited customer base, terrain, remote coastal conditions, and other factors.

1.4 LEGAL REQUIREMENTS

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water service, are as follows:

1. A property-related charge (such as water and wastewater rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is used or immediately available to the owner of property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

Additional criteria stipulate that "Proposition 218 requires that rates cannot be arbitrary and capricious, meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged". This study follows industry standard rate setting methodologies set forth by the AWWA M1 Manual, adhering to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing water/wastewater services.

1.5 RATE SETTING METHODOLOGY

This report was prepared (in-part) by using the principles established by the Water Environment Federation's (WEF) Manual No. 27, which establishes commonly accepted professional standards for cost-of-service studies along with using the current rate structure approved by ordinance(s).

The first step in ratemaking analysis is to determine the adequate and appropriate funding of a utility. This is referred to as the "revenue requirements" analysis. This analysis considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities and system operations and maintenance, to determine the adequacy of a utility's existing rates to recover its costs. Several factors may affect these projections, including the number of customers served, water-use trends (as applied to wastewater rates), non-recurring sales, weather, conservation, use restrictions, inflation, interest rates, wholesale contracts, capital finance needs, and other changes in operating and economic conditions.

After determining a utility's revenue requirements, a utility's next step is determining the cost of service. Utilizing a public agency's approved budget, financial reports, operating data, and capital improvement plans, a rate study generally categorizes (functionalizes) the costs, such as treatment, disposal, collection, and pumping expenses, and assets of the utility system among major operating functions to determine the cost of service.

After the assets and the costs of operating those assets are properly categorized by function, the rate study allocates those "functionalized costs" to the various customer classes (e.g., single-family residential, multi-family residential and commercial) by determining, if necessary, the characteristics of those classes and the contribution of each to incurred costs based on service characteristics and demand patterns. This study will provide the recommendations to establish a flow-based cost of service (wastewater collection, treatment, and disposal).

2 GCSD FINANCIAL PLAN (SHORT AND LONG-TERM)

A review of the GCSD's revenue requirements is a key first step in the rate study process. This section of the report provides a discussion of the projected revenues, O&M expenses, and other reserve funding, with consideration of estimated revenue adjustments as required, to ensure the fiscal sustainability and solvency of the GCSD Wastewater Enterprise. Numbers shown in all the tables of this section are rounded; therefore, hand calculations based on the displayed numbers, such as summing or multiplying, may not equal the exact results shown. The most recent FY audits used were for June 30, 2020, and 2021 (see **EXHIBIT B**).

2.1 BUDGET ASSUMPTIONS

The study period primarily included evaluating the existing and proposed budgets for Fiscal Years 2021/22 through 2027/28. The cost-of-service analyses in this report includes recommendations for possible rate adjustments required for providing revenue to meet the full cost-of-service year to begin in FY 2023/24. It is important to note that the GCSD currently has an inflationary/cost of living factor it applies to its rates on a yearly basis (2%). It is assumed that the first year of operation following the construction of the recommended grant improvements as identified in Table 2.1-4, is FY 2025/26, which the SWRCB also identifies as the critical budget year.

Inflation for Expenses and Revenue

Various types of assumptions and inputs were incorporated into the study based on discussions with, and/or at the direction of GCSD staff. These included the projected number of accounts and annual growth rates for different customer classes, inflation factors, and other assumptions. The inflation factor assumptions are presented in Table 2.1-1 and Table 2.1-2.

Table 2.1-1 Revenue Escalating Factors

Revenue Escalating Factors	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Miscellaneous Revenues	2%	2%	2%	2%	2%	2%
Water Usage Surcharge ⁽¹⁾	2%	2%	2%	2%	2%	2%
Reimbursements (Tri-Party)						
1. CSA 6 ⁽²⁾	0%	0%	10%	Amend Tri-party	Amend Tri-party	Amend Tri-party
2. SRGL ⁽³⁾⁽⁴⁾	2%	13.70%	22% ⁽⁴⁾	Amend Tri-party	Amend Tri-party	Amend Tri-party
Reserve Interest Rate	NA	NA	NA	NA	NA	NA

Table Notes:

1. This is a water use surcharge that is added to either a commercial flat rate or a residential flat rate when the yearly water usage exceeds 74,868 gallons
2. GCSD has agreed to a one (1) year increase for CSA and will be revised accordingly upon completion of the revised Tri-party Agreement based on \$10/1000 gallons
3. Increase due to new sampling requirements per the new WDR and the Tri-Party agreement requiring the SRGL to pay for all samples pertaining to tertiary treatment.
4. SRGL yearly calculated sewer fee was FY 20/21 \$58,544 (actual), FY 21/22 \$ \$67,174 (actual), and FY 22/23 84,015 (projected)

The following expense inflationary percentages for FY 2020/21 to FY 2021/22 are based on final year ending budget totals with the projected expense inflationary factors being estimated and subject to revision as appropriate.

Table 2.1-2 Expense Escalating Factors

Expense Escalating Factors	FY 2020/21 (Actual)	Actual Prior Year Rate Comparisons				Projected Expense Inflationary/Escalation Annual				
		FY 2021/22		FY 2022/23		FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		FY 2021/22 (Budgeted Year-end Not Audited)	% Increase from FY 2020/21 (1) (2) (3)	FY 2022/23 (Budgeted)	% Increase from FY 2021/22					
General Ops	\$166,676.99	\$191,127	12.79%	\$163,710	-14.34%	5%	5%	6%	3%	3%
Salaries/ Payroll/ Office Admin/ Legal	\$296,898.54	\$364,753	18.60%	\$445,255	22.07%	2%-5%	2%-5%	2%-6%	2%-3%	2%-3%
Benefits ⁽¹⁾	\$101,685.63	\$133,804	24.00%	\$135,593	1.34%	2%	2%	2%	2%	2%
Chemicals	\$18,579.55	\$19,690	5.64%	\$22,140	12.44%	5%	5%	6%	3%	3%
Utilities (water/electric/gas) ⁽²⁾	\$42,917.69	\$14,794	-190.10%	\$37,250	151.79%	5%	5%	6%	3%	3%
Capital/ Assets/ Replacements ⁽³⁾⁽⁴⁾	\$19,193.10	\$90,731	78.85%	\$0	-100.00%	TBD	TBD	TBD	TBD	TBD

Table Notes:

1. Benefit increase from Fy 20/21 to FY 21/22 was primarily due to Calpers and other increases
2. Utility increase form 2Fy 20/21 to FY 21/22 was due to disparity of PG and E billings
3. Capital replacements Increase from FY 20/22 to FY 21/22 was due to lift station improvements

The inflationary factors for revenues used for revenues projections in Table 2-1.1.2, may be low based on the US and California economies and current rates of inflation.

Future Flow Projections and Future Reserves

Flow Projections

The projected flow increases within the GCSD service area are considered negligible over the next 5-years since there is currently a water connection moratorium. Growth in the CSA 6 service area is continuing and will be limited by the current entitlements and developable lots for the Sea Ranch North development in the future.

Reserve Policy

A reserve policy is a written document that provides a basis for a utility to cope with unanticipated reductions in revenues, offset fluctuations in costs of providing services, and to fund fiscal emergencies such as revenue shortfalls, asset failures, and natural disasters. It also provides guidelines for sound financial management with an overall long-range perspective to maintain financial solvency and to mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. Reserve funds are needed for replacement of capital assets as they age and for new capital projects. Additionally, adopting and adhering to a sustainable reserve policy enhances financial management transparency and helps achieve or maintain a certain credit rating for future debt issues and creditworthiness. To date the GCSD has no reserve policy.

The appropriate amount of reserve funds and reserve types are determined by a variety of factors, such as the size of the operating budget, the amount of debt, the type of rate structure, frequency of customer billing, and risk of natural disaster. With this being said, most reserves tend to fall into the following categories: O&M cash flow, capital repair/replacement, and emergency reserves. It is important to note that MC Engineering and GCSD staff have developed a draft asset management plan for major wastewater facilities, which includes established timelines used for the life-expectancy of the assets with required costs to replace (amortized). The list is based upon information gathered from the system operators, field evaluations, record drawings, and past documentation. It is also important to stress that the level and time of replacement for certain facilities can be influenced by environmental factors such as high corrosion and weather-related impacts in combination with the installed material quality and related workmanship. This stresses the need to have operating/emergency and capital replacement reserves available. A key factor in the replacement of facilities, that is often overlooked, is the design standards used in the past for all above and below ground facilities. Evaluations and studies on the life expectancy of infrastructure materials have emphasized the need for designers and manufactures to improve the long-term durability and quality of materials. It should be noted that some of the facilities that were initially constructed by GCSD had a limited life expectancy.

Operating Reserves

The purpose of an O&M reserve is to provide working capital to support the operation, maintenance, and administration of the GCSD wastewater facilities. The O&M reserve supports the GCSD cash flow needs during normal operations and ensures that operations can continue should there be significant events that adversely impact cash flows. As it is unlikely for a utility to precisely predict the revenues and revenue requirements for each billing period, a reserve set aside to hedge the risk of monthly negative cash positions is considered prudent and essential financial planning. Another factor to consider when creating a cash flow reserve is the frequency of billing. A utility that bills once a month would require fewer minimum reserves than a utility that bills bi-monthly or yearly. It was found through the investigations by the MC Engineering team that the billing structure of the GCSD is problematic when it comes to cash flow availability. A majority of the revenues are collected only three times a year from the County Tax Collector and during the first 6-months of the fiscal year. Only a portion of the commercial customers are billed monthly. An appropriate amount of annual operational reserves will have to be established by the staff and the GCSD Board that takes into consideration the current rates and affordability for the GCSD customers.

Emergency Reserves

The purpose of an emergency fund is to provide uninterrupted service considering a fiscal emergency, natural disaster, or facility failure. Emergency related events, such as storms and earthquakes, are considered very likely thus indicating that some amount of reserve is required. An emergency reserve decreases risk by recognizing the high capital costs of the facilities while setting aside adequate funds to restart the system after an unanticipated event or to replace an essential facility. Discussions with the GCSD staff regarding their capital needs and critical asset considerations form the basis for the target level of the emergency reserve. An emergency reserve should be established by the staff and Board of the GCSD. It is highly recommended that a minimum of \$15,000 to \$50,000 be set aside each year during the budget process. This reserve, if necessary, may be used as an operating reserve, but that practice is not recommended.

Capital Reserves

Capital Replacement (CRP) reserves are used to fund future obligations that are necessary for maintaining a reliable infrastructure. This future capital replacement reserve will be based upon the draft asset management plan/list as provided for by MC Engineering. The amount of yearly reserves will provide for the necessary revenue at an estimated "target-date" to replace certain large facility components that are critical to the overall system-wide cost-effective operations. Serious consideration should be given to the fact the GCSD is in the process of applying for a \$10.7million dollar grant for repair and replacement of system-wide components that are deteriorating at a rapid rate (see Table 2.1-4) and also refer to Chapter 9 of the Project Engineering Report. If the SWRCB 100% grant is approved and the construction project is completed for the estimated \$10.7 million dollars, it will provide a secondary benefit of "jump starting" the recommended short and long-term CRP program. In the absence of this highly anticipated SWRCB grant, the situation is much more dire for the GCSD and its ratepayers.

Some Agencies, as a rule-of-thumb, use a capital replacement reserve equaling 1% of net asset value. MC Engineering recommends that the GCSD take into consideration the current design/construction grant proposal in determining the amount of CRP to budget each year. **Table 2.1-3**, provides a recommended amount of both emergency and CRP reserve funding for the next 5-years. In FY 2000/21 and FY 2021/22, the GCSD staff did budget for and set-aside some small amount of funding for operational reserves. It should be noted that these reserves are designated for intended uses only and that shortfalls in year-end annual budgeting for general operations should be made up through year-end reserves, as established in the budget and rate setting process.

Table 2.1-3 Target Reserve Schedule

Reserve Description	FY 2021/22 (1)	FY 2022/23 (1)	FY 2023/24 (2)	FY 2024/25 (2)	FY 2025/26 (2)	FY 2026/27	FY 2027/28
Emergency (Operational)	\$0	\$0	\$10,000	\$10,000	\$10,000	\$15,000	\$20,000
Capital Replacement	\$0	\$0	\$10,000	\$15,000	\$15,000	\$30,000	\$40,000
Total Targeted Resrves			\$20,000	\$25,000	\$25,000	\$45,000	\$60,000

Table Notes:

1. Current FY 2021/22 unaudited amount
2. Proposed Reserve- Refer to Section 2-4 of this Report

Table 2.1-3 Is a summary of all proposed capital improvements and system-wide upgrades for the wastewater facilities based on current system-wide evaluation of the main GCSO facilities, including:

- Major Collection System Components
- A percentage of existing STEP/STEG Systems (including interceptor tanks)
- Large Lift Stations 1-4 Components
- Various Wastewater Treatment and Reclamation Facility Components
- CSA 6 and SRGL Facilities (not included in proposed grant funding)

It is important to note that the future improvements contained in the draft asset list, as prepared by MC Engineering in cooperation with the GCSO staff includes assets as requiring replacement/upgrades as described in the proposed capital facility projects and costs, as noted in **EXHIBIT C** of this study.

Recommended capital improvements, as noted in **Table 2.1-4**, were compiled based on current and significant required replacements and upgrades, both of which were based on age, deterioration, and new WD Permit Requirements as approved by the CRWQCB.

Please refer to Appendix X for an expanded table from the 2022 GCSO Project Report showing further detail.

Table 2.1-4- Summary of Recommended Capital Improvements

Component	Component Description	Total Cost (With Soft Costs and Contingency)
Aeration Basin	Short-Term Title 22 Aeration and Sludge Storage Improvements	\$117,359
Secondary Sedimentation	RAS Pump Station w/Handrails	\$235,303
Tertiary Filtration	Metering w/Turbidimeter and Programming	\$132,193
Disinfection	Metering	\$62,339
Tertiary Storage/Reclamation	Pond 1 Liner	\$518,104
Sludge Storage Basin	New Sludge Storage Basin	\$710,444
Sludge Dewatering Facilities (Drying Beds)	Drying Beds (Bags) and Landfill Hauling	\$1,001,499
Septage Receiving Facility	Septage Receiving	\$712,726
Operations Building, Administration, Vehicle and Equipment Storage, and Chemical Storage Room	Upgrade/Replace Siding on (E) Control Building (1,800 sf) (N) Admin Building (N) Vehicle/Equipment Storage (N) Chemical Storage Room	\$1,963,302
Potable Water	Potable at WWTP with Use of Existing 5,000 Gallon Tank	\$52,599
Fire Protection Facilities	Emergency Fire-Flow at Plant	\$336,186
Access Road	Road Improvements, Only	\$538,427
Emergency Access for Pipeline Repairs	1065 LF Cleaning and Grubbing of (E) FM	\$89,752
GCSD STEP Systems (Interceptor Tanks)	Rehabilitation of (E) STEPS	\$2,180,202
GCSD Lift Stations	LS 1-4 Improvements	\$1,958,138
Sea Ranch North Collection System and CSA 6 Facility	Aeration/Pond/Pump Improvements	\$105,309
Total Cost for Existing Facility Improvements		\$10,713,882

Table Note:

1. The table above reflects an anticipated midpoint of construction of June 2024 with January 2022 inflation rates.

The above listed projects totaling \$ 10.7 million, are currently a part of a 100% grant submittal to the SWRCB SRF program. It is highly anticipated that there will be no local share required, except for the possibility of interim loan interest (\$10,000 - \$20,000) since interim loan interest is not covered by the SWRCB Grant. This interim loan may be required by the GCSD to carry sufficient cash (for maintaining cash-flow) to make progress payments to the contractor(s) and construction management team due to the possible delays in receiving state reimbursements on a month-to-month basis.

There are certain facilities, as listed within the asset list (**see EXHIBIT D**), that are also shown on the project list for grant funding (see **Table 2.1-4**). As stated earlier, some agencies use an amount equaling 1% of total assets for a yearly capital replacement reserve as illustrated below:

- ✓ Total Asset Replacement Cost = \$38,731,704 (Less approx. \$10 million for SWRCB grant improvements) or \$28,731,704
- ✓ Capital Replacement Reserve Fund 1% of \$28,731,704 (Typical) = **\$287,317**

This reserve fund amount may vary from year to year and does not include the ability to acquire future reserves through connection fees and grants

Once the proposed grant projects are funded and completed, the GSCD staff should revise and update the current draft asset list to establish a more detailed and equitable way of reserving critical capital replacement funds. This 1% set-aside value would most likely place a significant burden on the GSCD customers if implemented immediately, so a proposed starting position would be to gradually, and over time, increase this CRP reserve as presented in **Table 2.1-3**.

2.2 REVENUES

Table 2.2-1 and Table 2.2-2 show the current rates in effect since July 1, 2021. All residential and commercial class customer rates are allocated one (1) single flat rate or EDU along with a water use surcharge, if applicable. The water usage is collected from the North Gualala Water Company from the prior fiscal year. The current residential water rate per customer (EDU) is \$ 802/year, with a surcharge for water usage exceeding 74,868 gallons/year. It is applied at a rate of \$.285/gallon. Other flat rate charges applied to the residential customer on the yearly tax roll includes a standby fee of \$51/Year, a county tax preparation fee of \$ 22.62/Year, and a “special yearly assessment” fee of \$278/Year. The average total yearly residential bill is \$ 1194.62/year and does not include the water use surcharge. All residential customers are billed through the Mendocino Tax Rolls yearly. Currently the flat rate is increased by 2% annually along with the usage surcharge.

Each commercial user is allocated one (1) flat rate (EDU) in addition to a commercial water usage surcharge that is calculated at the same cost per gallon (\$.285/gallon-FY2021/22) as the residential customer. It should be noted that both the commercial and residential customers that are billed the surcharge amount are subject to the current 2%/year annual increase. Other charges included in the customer base rate calculation include standby charges and a special assessment fee.

It is important to note that some of the commercial customers are billed monthly while others are placed on the county tax roll. It is recommended that all of the commercial customers be placed on a monthly billing cycle and that GSCD consider to convert water usage related billings to a flat rate per EDU and the water consumption/usage surcharge be eliminated. (Refer to recommendations in **Section 3.3**)

Table 2.2-1- Residential Wastewater Service Charge (FY 2021/22)

Customer Class	Base/Flat Fixed (Per EDU)		Usage Surcharge (1)	Special Yearly Assessment (2)	Annual County Tax Prep Fee	Average Yearly Charge (3)	Standby Fee
	Monthly	Yearly	Per	Yearly	2%/Year	Yearly	Yearly
Single Family Residential	\$66.83	\$802	Varies by Customer	\$278	\$22.62	\$1,143.62	\$51

Table Notes:

1. This charge is based on excessive water usage and is calculated based on prior year metered flows with an additional charge at \$.023/gallon over 78,868 gallons /year
2. This yearly assessment is based on required revenue to fund capital replacement projects and 1913/15 Act Assessment District and is applied yearly per EDU
3. This is the average yearly charge per EDU/Customer and may vary from customer to customer if the water usage form prior year is excessive

Table 2.2-2- Other Wastewater Service Charges (FY 2021/22)

Customer Class	Usage Surcharge (1)	Base/Flat Fixed (2)		Special Yearly Assessment	Standby Fee	Average Yearly Charge (3)	Annual County Tax Perp Fee	Tri-party Agreement (Current)	Notes
	Yearly	Monthly	Yearly	Yearly	Yearly	Yearly	2%/Year	Yearly (FY 2022/23 Budget)	
Commercial	\$0.0285/gallon	\$66.83	\$802	\$278	\$51.00	\$1,932.89	Ranges per billings	-	Revised 2% annually
Tri-Party	-	-	-	-	-	-	-	-	
1. CSA 6	-	-	-	-	-	-	-	\$165,371	Based on Calculations Spreadsheet
2. Sea Ranch Golf Links	-	-	-	-	-	-	-	\$67,174	Based on Calculations Spreadsheet

Table Notes:

1. This charge is based upon excessive water consumption/ usage and is calculated based on prior year metered flows with the \$.0285 per gallon charge applied for FY 2022/23
2. A base fixed rate will only be applied if the usage charge for metered water is less than the flat rate, in which case the flat rate would be applied. Total yearly assessments vary, based on usage.
3. This yearly fee varies based on water consumption (annualized usage). Ocean View Estates Trailer Park is not included in this column.

The current method of billing can affect the yearly available revenue and can make it cumbersome and unreliable for calculating future revenue. An example of the method used to calculate the proposed billings for the yearly cycle are as found in **EXHIBIT E**.

GCS D also maintains a “special assessment fee” that is directly associated with both capital and emergency infrastructure replacements. These special assessment fees are a part of the debt service and are approved by Ordinance(s). These assessment fees typically fund capital replacement/emergency projects, most of which have a very shortened planning period. **Table 2.2-3** below, is a fee breakdown for current debt service, per year. The yearly debt service repayment per customer (flat rate/EDU) is \$278/year, which includes both the 1915 Improvement Bond Act debt repayment of approx. \$154/year and other debt payments for short-term loans equaling \$ 124/year per customer flat rate/EDU.

Table 2.2-3- Projected Debt Service

Outstanding Debt Service	Current ⁽¹⁾	FY 2022/23 ⁽¹⁾	FY 2023/24 ⁽²⁾	FY 2024/25 ⁽²⁾	FY 2025/26 ⁽²⁾	FY 2026/27 ⁽²⁾
Capital Replacement	\$86,595	\$85,054	\$82,099	\$81,452	\$80,799	\$40,144
Grand Total ⁽²⁾	\$86,595	\$85,054	\$82,099	\$81,452	\$80,799	\$40,144

Table Notes:

1. Loan principal and interest paid by customers (EDU) on tax bill per approved Ordinance
2. Estimated future debt service (CoBank Loan - Payoff 12/26. Payoffs are approximate.

Co-mingled with the “special assessment fee” is the original bond issue amount/fee, as provided by the 1915 Improvement Bond Act. The bonds were issued in 1991 in the amount of \$973,118 at a 5% per annum interest rate and a 40-year pay-off term. Assessments were applied to all benefitting parcels in the GCS D service area. The final year for the bond payoff is 2031, at which time the current assessed amount per parcel owner of approximately \$150-158/year will be eliminated. The current “special assessment fee” as charged to each customer includes both the 1915 Improvement Act bond pay-offs as well as the current debt service payments associated with recent loan(s). The current and annual GCS D 2%/year inflationary rate increase is **not** applied to the \$278 “special assessment fee” (refer to **EXHIBIT E**).

An important and significant revenue source that is factored in each FY budget, is the calculated revenue from the Tri-Party Agreement members as discussed in **Section 1.3 -Tri-Party Agreement Financial Review and Considerations**. Again, the calculated charges and revenue for the CSA 6 service area is currently based on formulas that were established and updated in 2015-16, per the existing Tri-Party Agreement. These yearly revenues are currently being evaluated for fairness and equity and were originally based on prior decisions and agreements.

Examples of where fairness and equity need to be addressed, include the fact that the GCS D WWTP annually treats 73,770 gallons per day or 26,926,000 gallons annually which is based on a five-year influent flow average (FY 2015/16, FY 2016/17, FY 2017/18, FY 2018/19, FY 2019/20). The CSA 6 service area pumps an average of 42,170 gallons a day or approx. 15,392,000 million gallons per year of wastewater to the GCS D plant which accounts for over **60% of the overall waste stream**, yet total the total yearly revenue received from the CSA 6 service area (FY 2020/21), is only equivalent to **only 17.4 % of the overall WWTP O & M budget**. The current cost-sharing is based

primarily based on an incremental basis approach, and it assumes that the primary impact that the CSA 6 service area waste flows have on the WWTP is the organic loadings (TSS and BOD) and doesn't take into full account the true impact of the hydraulic capacity and flow processing of volumetric (hydraulic) portion of the waste, including labor and energy. Secondly, the yearly pounds of BOD and TSS, based on data for 2021, show that the CSA 6 service area has higher daily average BOD and TSS loadings than GCSD. The incremental basis for estimating costs for CSA 6 are not sustainable in terms of the long-term viability of the GCSD treatment works. In the absence of considerable adjustments in their rates, an unfair and inequitable burden is placed on the GCSD customers.

A recent calculation prepared by MC Engineering and GCSD established the updated cost-share charge/fee is approximately \$ 13.50 /1000 gallons and is based on the current formula provided within the Tri-Party agreement. Prior to the FY 2022/23 GCSD budget preparation, a negotiation process was initiated with Sonoma County Special Districts representing the CSA 6 Service Area. Based on communications with the GCSD staff, CSA 6 has agreed to a temporary flow-based cost of \$10/1000 gallons, which was included in the GCSD FY 2022/23 budget. A final cost-sharing agreement is recommended and should be based on yearly waste flow averages.

Table 2.2-4 and Table 2.2-5 below, show the year-end FY 2021/22 comparison of the revenue received, based on number of EDUs, from both CSA 6 and the SRGL, as compared to GCSD. It is important to note that when calculating and negotiating a proposed future rate with the CSA 6 service area, the GCSD excluded the O and M costs associated with the operation and maintenance of the collection system. Accordingly, GCSD has prepared a cost-allocation spreadsheet that differentiates the O and M cost associated for the WWTP and the collection system (**EXHIBITS A and A1**).

Table 2.2-4- Equivalent EDUs per GCSD and Tri-Party Service Areas (2020-2022)

Participating Party	Number of EDUs
GCSD Residential and Commercial	350 ⁽¹⁾ ⁽³⁾
CSA 6 (Tri-party)	550-600 EDUs ⁽²⁾
Sea Ranch Golf Links (Tri-party)	NA

Table Notes:

1. *This is a fairly accurate estimation of the calculated No. of EDUs, including permanent and non-permanent residences (FY 2022/23)*
2. *This is an estimated number/range based on ADWF form CSA divided by a calculated GPD per EDU (120 GPD/EDU)*
3. *The residential EDUs = 288 and the Commercial EDUs = 62*

Table 2.2-5- Revenue Comparison for GCSD per EDUs Versus Tri-Party Agreement Conditions

Customer Class	No. of EDUs (2021/2022)	Revenue Calculated (based on FY 2021/22) ⁽¹⁾
GCSD Residential and Commercial	350	\$534,353
GCSD Other Income ⁽¹⁾		\$27,000
GCSD Total Revenue ⁽²⁾		\$561,353
Tri-Party Agreement ⁽³⁾		
1. CSA 6	494 ⁽⁴⁾	\$115,555
2. SRGL	NA	\$62,296
Tri-party Total		\$177,851
Total		\$739,204

Table Notes:

1. GCSD acquires income for leachate , septic pumping services, and sample testing
2. These are non-audited budget figures for FY 2021 and 2022
3. Tri-party agreement currently in the process of being re-negotiated
4. Please refer to Tables 1.4.2-3 and 1-4.2-4 of the SWRCB Grant Funded Wastewater Planning Project Engineering Report

Currently the WWTP receives waste flows with the BOD loadings ranging from 80 mg/l to 150 mg/l and there are no heavy commercial and industrial users within either of the service areas. Compounding this problem is the fact that recent tests indicate that the yearly pounds of BOD and TSS concentrations from the CSA 6 service area are consistently higher than those generated by the GCSD customers.

With this in-mind, the Tri-Party Agreement is being renegotiated and the GCSD staff and Board are recommending that the yearly costs be a flow based (pro-rata) calculation assuming that pounds of BOD and TSS are equal between all parties.

2.3 EXPENSES

O&M

The FY 2021/22 Budget (not yet audited) is presented below in draft form and shown in **Table 2.3-1**. It reflects the year-end calculated operation and maintenance (O & M) expenses (actual). The current FY 2022/23 Budget has been provided by the staff of the GCSD and is also included in **Table 2.3-1**. The fiscal year-end does not include any bank reserves which must be reconciled during the FY 2021/22 Audit. These reserves play an important part in the rate calculation as noted in **Table 3.2-1**, Proposed Rate Increases.

Table 2.3-1 Fiscal Year 2021-2022 Budget (Not Audited)

Main Categories	Sub Categories	Current and Future Budget	
		2021-2022	2022/23
Ordinary Income/Expense			
Income			
4000 · Sewer Fee Income			
4001 · Sewer Fees (Monthly Commercial)		\$176,745	\$171,935
4004 · Sewer Fee Income From Tax Roll		\$351,222	\$324,930
Total 4000 · Sewer Fee Income		\$527,967	\$496,865
4011 · Golf Course Water Sales ⁽¹⁾		\$62,296	\$84,015
4017 · Sample testing		\$200	\$0
4019 · Water Processing CSA6 Treatment		\$124,225	\$165,371
4020 · Leachate Income ⁽²⁾		\$7,215	\$25,000
4060 · Late/Rewards/Int/Adj Charges		\$0	\$0
4069 · Services to other agencies (Pumping Services) ⁽³⁾		\$5,237	\$7,000
Total Income		\$727,140	\$778,251
Expense			
5000 · Plant & Operations			
5100 · Collection System			
5105 · Collection System — Materials (Comm & Res)		\$5,289	\$5,500
5110 · Collection System — R & M		\$15,981	\$8,000
5115 · Lift Station R & M			
	51151 - Lift Station #1	\$0	\$535
	51152 - Lift Station #2	\$11,624	\$535
	51153 - Lift Station #3	\$0	\$535
	51154 - Lift Station #4	\$0	\$5,350
	51154.1 Lift Station #4 Generator	\$0	\$535
5120 · Vacuum Truck — Solids Removal		\$19,880	\$16,050
Total 5100 · Collection System Total Expense		\$52,774	\$37,040
5300 · 5400 Treatment Plant			
5305 · Chemicals & Nutrients			
	53052— Chlorine	\$5,346	\$6,000
	53054— Coagulant	\$10,486	\$12,000
	53056— Nutrients (Sodium Bycarbonate)	\$1,870	\$2,140
	53057 Salt	\$1,688	\$2,000
Total 5305 · Chemicals & Nutrients		\$19,390	\$22,140
5308-5440 Other Operational Cost			
5308 · County Trash Fees		\$402	\$500
5310 · Electrical Supplies		\$0	\$1,605
5315 · Equipment Rental		\$0	\$107
5317 · Freight & Shipping		\$6,172	\$6,000
5322 · Meter Calibration		\$1,800	\$2,000
5325 · Operating Supplies and Minor R&M		\$6,130	\$3,210
5326 · Uniform Service		\$3,372	\$3,852
5330 · Outside Lab Testing		\$12,099	\$1,200
5331 Lab Supplies		\$2,447	\$3,000
5332 Lab Equipment		\$32	\$2,000
5333 Lab Accreditation			\$0
5340 · Plant R & M — Materials and Tools		\$22,498	\$16,050
5345 · Safety Equipment		\$3,658	\$2,140
5352 · Training — Operations		\$4,694	\$4,280
5353 · Dues/Subscriptions/Memberships		\$3,186	\$5,350
5360 · Permits/Fees/Licenses/Prop Tax		\$24,523	\$25,000
5365 · Engineering Fees			\$5,350
5370 · Drinking Water		\$601	\$600
5375- Internet and Website	Name Change to Account	\$5,034	\$4,750
5416 · Depreciation & Amortization exp		\$257,502	\$283,613
5425 · Robinson Reef Antenna Reimburse		\$120	\$120
5430 · Business Travel — Operations		\$1,303	\$1,605
5435 · Liability Insurance		\$22,646	\$22,706
5440 - Plant Generator		\$0	\$535
Total 5308-5440 Other Operational Cost		\$378,219	\$395,573
Total 5300 - 5400 Treatment Plant Total Expense		\$397,609	\$417,713
5500 · Vehicle			
5505 · Fuel & Gas			
	55052-Gas	\$7,813	\$8,000
	55054 - Diesel	\$2,620	\$2,000

Table 2.3-1

Continued

Main Categories	Sub Categories	Current and Future Budget	
		2021-2022	2022/23
Ordinary Income/Expense			
5510 · Vehicle Expense & Repairs			
	5511 · Backhoe Expense- New Account	\$364	\$535
Need to Replace	5512 - GMC	\$1,468	\$535
Need to Replace	5514 - Toyota 2011	\$132	\$535
	5516 - Toyota 2015	\$1,191	\$0
	5518 - Septic	\$1,199	\$1,500
5519 · Vehicle Quarterly BIT Inspection /Sewer Truck		\$450	\$1,070
5520 · Portable Generator Expense		\$2,399	\$535
Total 5500 - Vehicle Total Expense		\$17,636	\$14,710
5700 Utilities			
5701 · Utilities — Electric — LS#1		\$625	\$700
5702 · Utilities — Electric — LS#2		\$947	\$1,000
5703 · Utilities — Electric — LS#3		\$747	\$750
5704 · Utilities — Electric — LS#4		\$8,659	\$9,000
5705 · Utilities — Electric — T Plant		\$3,077	\$25,000
5707 · Utilities — Office Propane Tank		\$739	\$800
Total 5700 · Utilities — Electricity/Propane Total Expense		\$14,794	\$37,250
5900 · Major Equipment and Facilities Replacement	Lift Station #2 Control Panel	\$90,731	\$0
5910 - Emergency Reserve			
5920 - Capital Replacement Program			
Total 5900 -CPR and Reserves (Proposed)		\$90,731	\$0
Total 5000 · Plant & Operations Total Expense		\$573,544	\$506,713
6000 · Admin/Overhead Expenses/Labor			
6010 · Audit		\$9,500	\$10,000
6015 · Bank Fees/ Finance Charges		\$262	\$187
6216 · Bookkeeping	CONTRACT JULY 2020 ONLY	\$0	\$0
6021 - Legal Fees	Added \$5,000 due to Prop 218 and Ordinance	\$17,970	\$25,000
6028 · Computer Repair & Supplies		\$112	\$500
6032 · LAFCO Fees		\$2,361	\$2,675
6033 · County Tax Collection Fee		\$12,376	\$12,500
6046 - Board of Directors Meeting Expense		\$2,179	\$3,600
6064 · Dues and Subscriptions (Software)		\$2,669	\$2,600
6068 · Office Supplies		\$2,703	\$2,500
6069 - Phones		\$2,287	\$2,000
6070 · Postage		\$740	\$700
6075 · Printing & Copying		\$210	\$150
6080 · Public Notices		\$0	\$428
6085 · Board of Director Training			\$0
	60852 — Training	\$0	\$2,675
	60853 Other Board expenses		\$0
	60854— Travel	\$0	\$1,070
	60855 Board Stipend (\$50 per board meeting)	\$1,700	\$3,852
Total 6000 · Admin/Overhead Expenses		\$55,069	\$70,437
6090 · Payroll Benefits			
6092 · Yearly Drug Testing		\$196	\$401
6093 · Benefits — Employee Retirement*		\$43,577	\$37,826
6094 · Benefits — Employee Health Ins*		\$66,948	\$69,550
6095 · Workers Comp Insurance		\$21,110	\$25,713
6096 · AirMed (Reach)		\$1,194	\$1,194
6097 · Employee Life Insurance		\$779	\$910
Total 6090 · Payroll Benefits		\$133,804	\$135,594
6100 · Payroll			
6145 · Direct Deposit Charge		\$110	\$161
6161 FUTA tax expense		\$84	\$535
6162 · Medicare Tax Expense		\$4,355	\$4,903
6163 · Social Security Tax Expense		\$2,588	\$3,100
6164 · SUI Tax Expense		\$840	\$963
6165 · CA Training Tax Expense		\$35	\$43
Total 6160 · Payroll Tax Expense		\$8,012	\$9,705

Table 2.3-1

Continued

Main Categories	Sub Categories	Current and Future Budget	
		2021-2022	2022/23
Ordinary Income/Expense			
6191 · Payroll Adjustments Audit	This will be added with the audit	-\$18,389	\$0
6192 · Other Audit Accruals	This will be added with the audit	\$0	\$0
			\$0
Total 6100 · Payroll		\$443,488	\$510,413
6300 · Wages and Salaries			
6301 · General Manager	Chris	\$102,978	\$108,150
6303 · Plant Operator/ Lab Director MB Wages	Mike	\$74,069	\$76,060
6306 - Administrative Time		\$4,038	\$4,159
6307 · Administrative Assistant II (New Finance Director)		\$40,023	\$50,000
6317 Annual Comp time payout	for all employees	\$182	\$3,296
6320 - On Call Pay	365 x \$45.	\$16,380	\$16,425
6321 Covid related sick pay	Should we budget for this?		\$0
6329 Operator 1 (Rigo)		\$44,282	\$46,250
6329b Temp/ Maintenance/OIT (LEO)		\$36,250	\$55,424
6330 - Overtime (total group)		\$1,859	\$5,350
Total 6000 · Wages and Salaries		\$320,061	\$365,114
Total Expense		\$1,072,101	\$1,087,563
Net Ordinary Income		\$70,221	-\$25,249
Miscellaneous Covid Relief and FEMA (2017 Claim)		\$196,444	
Total 4101 · Interest Income Other		\$646	\$450
4150 · SWRCB Grant			
4151 · SWRCB Grant Income		\$66,405	
4152 · SWRCB Grant Expense		-\$103,807	
4154 · Grant Application Costs		-\$2,008	
Total Other Income		\$157,680	\$450.00
Other Expense			
6035 · Interest — Loans		\$14,530	\$14,610
6036 · Loan Principal ⁽⁴⁾	Acct # s/b 6036	\$64,595	\$69,909
6038 Interest and finance charge expense		\$0	\$0
6820 · NonCash Income for Depreciation		\$257,502	\$283,613
Total Other Expense		\$79,125	\$84,519
Net Income		-\$8,904	-\$109,768

(1) Assume that the SRGL cost stay the same until new Tri-party amendment is approved

(2) Assumes leachate revenue increase with addition of new septage receiving facility

(3) Assumes that annual pumping cost increase by 5% annually

(6) Cobank loan with a payoff forecasted for FY 26/27

Projected Capital Improvements

Table 2.1-4 includes a list of future capital improvements with the highest priority to be completed in order to avoid significant health and safety risks to both the populous and the environment.

It is both important to note that the proposed projects are presented within the Project Report as part of the recent grant application submittal for funding via the SWRCB SRF Program. These very important and critical projects will have a positive impact on the immediate and needed infrastructure improvements. Grant funding will allow the GCSD to “jump-start” it’s capital replacement program while at the same time comply with the new waste discharge requirements and avoid serious water quality issues and violations in the future.

Other capital improvements and replacements that will be needed, and should be budgeted for, are as noted within the draft asset management list as shown in **EXHIBIT D**. These future projects will be ranked by the staff of the GCSD and will require the creation of a Capital Replacement Program (CRP) with the intent to set-aside a certain amount of reserve funds to withdraw from the CRP account at a later date, as determined by staff prioritization. The future projects can be scheduled in 5 or 10-year increments as needed.

Short-Term Reserves

The emergency reserve fund(s) should be set-aside each year to provide adequate revenue for small asset and short-term emergency repairs and replacements. These funds are typically used for non-predictive maintenance and repairs. Historically, the GCSD has spent an average of \$15,000 to \$35,000 per year for various emergency replacements and in some cases more. These emergency replacements and repairs are typically planned 6 months to 1-year in advance or are unplanned emergencies in response to equipment failures. Periodic emergency and unpredictable system-wide failures may include, and are not limited to, catastrophic repairs and replacements to wastewater pumps and motors, interceptor tank repairs, WWTP small system pumps, chemical feed facilities, pond linings, access road failures, panels, electrical, structures, and other identified system failures.

2.4 DEBT SERVICE

The GCSD currently carries a significant amount of debt service, and more recently in 2016, it acquired a short-term loan for CoBank of Denver Colorado. The initial principal amount of the loan was approximately \$ 700,000. It is scheduled for pay-off in FY 2026/27. This loan repayment was spread amongst the commercial and residential customers on a flat rate basis and was added to the current special assessment fee, now totaling \$278/yr. This special assessment fee is included in both the yearly and monthly residential customers bills and is collected on the yearly tax rolls, or monthly for some commercial users. It is important to note that the CSA 6 service area was not assessed for this fee in their cost-sharing calculations. This fact places a high burden on existing GCSD customers, most of which have been classified as “disadvantaged” with respect to their median household income.

As discussed, the current special assessment fee is \$278 which includes the debt repayment of the original assessment bonds issued in 1991 totaling approximately \$154/EDU/customer parcel, along with supplemental assessments that were approved by ordinances (Ordinance 2010-1, 2014-

1, and 2016-2) to fund other capital replacements/improvements. The GCSD has been making regular principle and loan payments on a yearly basis, with the loan payments historically being between \$84,000 to \$90,000/yr. Since the GCSD has very limited reserves set-aside on a yearly basis for both emergency and planned capital replacements, it has relied heavily on outside loan funding agencies to assist in the financing of the necessary improvements. It is recommended that the GCSD board consider converting the revenue that was used to pay that portion(s) of the debt service to the recommended capital replacement fund once the loan is paid off.

Proposed Debt Service

The goal of the GCSD is to limit the amount of borrowing over the coming years and establish both emergency and capital replacement fund accounts. Other factors that will minimize the GCSD's financial liability (borrowing needs) is as noted below:

- Acquire grant funding to repair and replace all those components that have the potential to create water quality violations which could ultimately affect the public health of the community and environment. The GCSD has a current and pending 100% grant application with the SWRCB SRF Program in the amount of \$10,714,000. This will inevitably reduce the need to acquire loans and assume future debts for replacements.
- Require Tri-Party agreement participants to pay, on a pro-rata basis, for the share of those future identified emergency and capital improvements, which has not solely been the "practice" per the existing Tri-Party Agreement, which must be a negotiation point in the proposed amended Tri-Party agreement.
- Every 5-years, update the proposed asset management plan list that clearly identifies the estimated life of each facility component with a projected future cost to replace those items as identified in **EXHIBIT D**.

2.5 WASTEWATER FINANCIAL PLAN

Existing Financial Plan

This existing financial plan includes proposed inflationary cost increases as described in **Table 2.1-2**. The current revenue increase presented is based on the current Ordinances (status quo) that has a 2% yearly escalation w/ commercial revenue averaging 1%-2% due to usage trends. **Table 2.5-1 and Table 2.5-2**, below assume only expenses for the next four (5) years and are based on the following assumptions:

- Per recent negotiations the GCSD in their FY 2022/23 budget, included a CSA 6 yearly service charge for wastewater to be based on a cost per 1000 gallons of raw sewage at \$10/1000 gallons, or a total yearly charge of \$165,371, which is calculated using the CSA 6 avg. Influent flows for FY 2021/22 at approx. 16,537,100 gallons.
- The SRGL (FY 2022/23) will be charged a service charge fee for recycled/reclaimed wastewater from the tertiary facilities at \$84,015/year, based on current Tri-Party agreement terms and calculations.
- New budget line item(s) (5900 Major Equipment and Facilities Replacement) are recommended to be included in all future GCSD budgets, with a minimum amount of capital replacement and emergency reserves as recommended. This current plan **does not** include the proposed emergency and CRP fund accounts.

- The status quo projection assumes that the proposed \$10.713 million-dollar (100%) SWRCB grant for infrastructure replacement projects will be acquired and improvements funded in FY 2025/26, which helps minimize the amount of capital replacement reserve funds required starting in FY 2023/24.

Table 2.5-1 Proposed Budget and Forecast Using Existing FY 2022/2023 Budget With Inflation and "Status-Quo" Rate Increases

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 (Year-End/Unaudited)	FY 2022/23	FY 2023/24	FY 2024-2025	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
Ordinary Income/Expense			\$0					
Income			\$0					
4000 · Sewer Fee Income			\$0					
4001 · Sewer Fees (Monthly Commercial) ⁽¹⁾	Does Not Include Special Assessment	\$176,745	\$171,935	\$175,374	\$178,881	\$182,459	\$186,108	\$189,830
4004 · Sewer Fee Income From Tax Roll ⁽²⁾	Sub-Total	\$351,222	\$324,930	na	na	na	na	na
	Assessment-User Fee-\$97300 * Less Standby Fee	\$253,922	\$227,630	\$232,183	\$246,114	\$260,880	\$276,533	\$293,125
Assessment ³	x 350 EDUs	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300
Total 4000 · Sewer Fee Income	Total Commercial and Residential	\$527,967	\$496,865	\$504,856	\$522,295	\$540,639	\$559,941	\$580,255
4011 · Golf Course Water Sales ⁽³⁾		\$62,296	\$84,015	\$85,695	\$87,409	\$89,157	\$90,941	\$92,759
4017 Sample testing		\$200	\$0					
4019 · Water Processing CSA6 Treatment	Assumes NO Collection System Cost	\$124,224	\$165,371	\$168,678	\$172,052	\$175,493	\$179,003	\$182,583
4020 · Leachate Income ⁽⁴⁾		\$7,215	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015	\$26,275
4060 · Late/Rewards/Int/Adj Charges		\$0	\$0					
4069 · Services to other agencies (Pumping Services) ⁽⁵⁾		\$5,237	\$7,000	\$7,350	\$7,718	\$8,103	\$8,509	\$8,934
Total Income		\$727,139	\$778,251	\$791,830	\$814,976	\$839,150	\$864,408	\$890,807
Expense								
5000 · Plant & Operations								
5100 · Collection System								
5105 · Collection System — Materials (Comm & Res)		\$5,289	\$5,500	\$5,775	\$6,064	\$6,428	\$6,620	\$6,819
5110 · Collection System — R & M		\$15,981	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
5115 · Lift Station R & M						\$0	\$0	\$0
	51151 - Lift Station #1	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51152 - Lift Station #2	\$11,624	\$535	\$562	\$590	\$625	\$644	\$663
	51153 - Lift Station #3	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51154 - Lift Station #4	\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
	51154.1 Lift Station #4 Generator	\$0	\$535	\$562	\$590	\$625	\$644	\$663
5120 · Vacuum Truck — Solids Removal		\$19,880	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
Total 5100 · Collection System Total Expense		\$52,774	\$37,040	\$38,892	\$40,837	\$43,287	\$44,585	\$45,923
5300 · 5400 Treatment Plant								
5305 · Chemicals & Nutrients								
	53052— Chlorine	\$5,346	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
	53054— Coagulant	\$10,486	\$12,000	\$12,600	\$13,230	\$14,024	\$14,445	\$14,878
	53056— Nutrients (Sodium Bycarbonate)	\$1,870	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
	53057 Salt	\$1,688	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
Total 5305 · Chemicals & Nutrients		\$19,390	\$22,140	\$23,247	\$24,409	\$25,874	\$26,650	\$27,450
5308-5440 Other Operational Cost								
5308 · County Trash Fees		\$402	\$500	\$525	\$551	\$584	\$602	\$620
5310 · Electrical Supplies		\$0	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5315 · Equipment Rental		\$0	\$107	\$112	\$118	\$125	\$129	\$133
5317 · Freight & Shipping		\$6,172	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
5322 · Meter Calibration		\$1,800	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5325 · Operating Supplies and Minor R&M		\$6,130	\$3,210	\$3,371	\$3,539	\$3,751	\$3,864	\$3,980
5326 · Uniform Service		\$3,372	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
5330 · Outside Lab Testing		\$12,099	\$1,200	\$1,200	\$1,260	\$1,336	\$1,376	\$1,417
5331 Lab Supplies		\$2,447	\$3,000	\$3,150	\$3,308	\$3,506	\$3,611	\$3,719
5332 Lab Equipment		\$32	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5333 Lab Accreditation		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5340 · Plant R & M — Materials and Tools		\$22,498	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
5345 · Safety Equipment		\$3,658	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
5352 · Training — Operations		\$4,694	\$4,280	\$4,494	\$4,719	\$5,002	\$5,152	\$5,306
5353 · Dues/Subscriptions/Memberships		\$3,186	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5360 · Permits/Fees/Licenses/Prop Tax		\$24,523	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5365 · Engineering Fees		\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5370 · Drinking Water		\$601	\$600	\$630	\$662	\$701	\$722	\$744
5375- Internet and Website	Name Change to Account	\$5,034	\$4,750	\$4,988	\$5,237	\$5,551	\$5,718	\$5,889
5416 · Depreciation & Amortization exp		\$257,502	\$283,613	\$283,613	\$283,613	\$300,630	\$309,649	\$318,938

Table 2.5-1

Continued

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 (Year-End/Unaudited)	FY 2022/23	FY 2023/24	FY 2024-2025	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
5425 · Robinson Reef Antenna Reimburse		\$120	\$120	\$126	\$132	\$140	\$144	\$149
5430 · Business Travel — Operations		\$1,303	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5435 · Liability Insurance		\$22,646	\$22,706	\$23,841	\$25,033	\$26,535	\$27,331	\$28,151
5440 - Plant Generator		\$0	\$535	\$562	\$590	\$625	\$644	\$663
Total 5308-5440 Other Operational Cost		\$378,219	\$395,573	\$401,111	\$406,986	\$431,405	\$444,347	\$457,678
Total 5300 - 5400 Treatment Plant Total Expense		\$397,609	\$417,713	\$424,358	\$431,395	\$457,279	\$470,997	\$485,127
5500 · Vehicle								
5505 · Fuel & Gas								
	55052-Gas	\$7,813	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
	55054 - Diesel	\$2,620	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
			\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
5510 · Vehicle Expense & Repairs			\$0	\$0	\$0	\$0	\$0	\$0
	5511 · Backhow Expense- New Account	\$364	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5512 - GMC	\$1,468	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5514 - Toyota 2011	\$132	\$535	\$562	\$590	\$625	\$644	\$663
	5516 - Toyota 2015	\$1,191	\$0	\$0	\$0	\$0	\$0	\$0
	5518 - Septic	\$1,199	\$1,500	\$1,575	\$1,654	\$1,753	\$1,806	\$1,860
5519 · Vehicle Quarterly BIT Inspection /Sew er Truck		\$450	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
5520 · Portable Generator Expense		\$2,399	\$535	\$562	\$590	\$625	\$644	\$663
Total 5500 - Vehicle Total Expense		\$17,636	\$14,710	\$15,446	\$16,218	\$17,191	\$17,707	\$18,238
5700 Utilities			\$0					
5701 · Utilities — Electric — LS#1		\$625	\$700	\$735	\$772	\$818	\$843	\$868
5702 · Utilities — Electric — LS#2		\$947	\$1,000	\$1,050	\$1,103	\$1,169	\$1,204	\$1,240
5703 · Utilities — Electric — LS#3		\$747	\$750	\$788	\$827	\$876	\$903	\$930
5704 · Utilities — Electric — LS#4		\$8,659	\$9,000	\$9,450	\$9,923	\$10,518	\$10,833	\$11,158
5705 · Utilities — Electric — T Plant		\$3,077	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5707 · Utilities — Office Propane Tank		\$739	\$800	\$840	\$882	\$935	\$963	\$992
Total 5700 · Utilities — Electricity/Propane Total Expense		\$14,794	\$37,250	\$39,113	\$41,068	\$43,532	\$44,838	\$46,183
5900 · Major Equipment and Facilities Replacement	Lift Station #2 Control Panel	\$90,731	\$0					
5910 - Emergency Reserve				\$0	\$0	\$0	\$0	\$0
5920 - Capital Replacement Program				\$0	\$0	\$0	\$0	\$0
Total 5900 -CPR and Reserves (Proposed)		\$90,731	\$0	\$0	\$0	\$0	\$0	\$0
Total 5000 · Plant & Operations Total Expense		\$573,544	\$506,713	\$517,808	\$529,518	\$587,163	\$604,778	\$622,921
6000 · Admin/Overhead Expenses/Labor								
6010 · Audit		\$9,500	\$10,000	\$10,500	\$11,025	\$11,687	\$12,037	\$12,398
6015 · Bank Fees/ Finance Charges		\$262	\$187	\$197	\$206	\$219	\$225	\$232
6216 · Bookkeeping	CONTRACT JULY 2020 ONLY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6021 - Legal Fees	Added \$5,000 due to Prop 218 and Ordinance	\$17,970	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
6028 · Computer Repair & Supplies		\$112	\$500	\$525	\$551	\$584	\$602	\$620
6032 · LAFCO Fees		\$2,361	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
6033 · County Tax Collection Fee		\$12,376	\$12,500	\$13,125	\$13,781	\$14,608	\$15,046	\$15,498
6046 - Board of Directors Meeting Expense		\$2,179	\$3,600	\$3,780	\$3,969	\$4,207	\$4,333	\$4,463
6064 · Dues and Subscriptions (Software)		\$2,669	\$2,600	\$2,730	\$2,867	\$3,038	\$3,130	\$3,224
6068 Office Supplies		\$2,703	\$2,500	\$2,625	\$2,756	\$2,922	\$3,009	\$3,100
6069 - Phones		\$2,287	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
6070 · Postage		\$740	\$700	\$735	\$772	\$818	\$843	\$868
6075 · Printing & Copying		\$210	\$150	\$158	\$165	\$175	\$181	\$186
6080 · Public Notices		\$0	\$428	\$449	\$472	\$500	\$515	\$531

Table 2.5-1

Continued

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 (Year-End/ Unaudited)	FY 2022/23	FY 2023/24	FY 2024-2025	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
6085 · Board of Director Training			\$0	\$0	\$0	\$0	\$0	\$0
	60852 — Training	\$0	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
	60853 Other Board expenses		\$0	\$0	\$0	\$0	\$0	\$0
	60854— Travel	\$0	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
	60855 Board Stipend (\$50 per board meeting)	\$1,700	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
Total 6000 · Admin/Overhead Expenses		\$55,069	\$70,437	\$73,959	\$77,657	\$82,316	\$84,786	\$87,330
6090 · Payroll Benefits								
6092 · Yearly Drug Testing		\$196	\$401	\$409	\$417	\$426	\$434	\$443
6093 · Benefits — Employee Retirement*		\$43,577	\$37,826	\$38,582	\$39,354	\$40,141	\$40,944	\$41,762
6094 · Benefits — Employee Health Ins*		\$66,948	\$69,550	\$70,941	\$72,360	\$73,807	\$75,283	\$76,789
6095 · Workers Comp Insurance		\$21,110	\$25,713	\$26,227	\$26,752	\$27,287	\$27,833	\$28,389
6096 · AirMed (Reach)		\$1,194	\$1,194	\$1,218	\$1,242	\$1,267	\$1,292	\$1,318
6097 · Employee Life Insurance		\$779	\$910	\$928	\$946	\$965	\$984	\$1,004
Total 6090 · Payroll Benefits		\$133,804	\$135,593	\$138,305	\$141,071	\$143,893	\$146,771	\$149,706
6100 · Payroll								
6145 · Direct Deposit Charge		\$110	\$161	\$164	\$167	\$170	\$174	\$177
6161 FUTA tax expense		\$84	\$535	\$546	\$557	\$568	\$579	\$591
6162 · Medicare Tax Expense		\$4,355	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307	\$5,413
6163 · Social Security Tax Expense		\$2,588	\$3,100	\$3,162	\$3,225	\$3,290	\$3,356	\$3,423
6164 · SUI Tax Expense		\$840	\$963	\$982	\$1,002	\$1,022	\$1,042	\$1,063
6165 · CA Training Tax Expense		\$35	\$43	\$44	\$45	\$45	\$46	\$47
Total 6160 · Payroll Tax Expense		\$8,012	\$9,704	\$9,898	\$10,096	\$10,298	\$10,504	\$10,714
6191 · Payroll Adjustments Audit	This will be added with the audit	-\$18,389	\$0	\$0	\$0	\$0	\$0	\$0
6192 · Other Audit Accruals	This will be added with the audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total 6100 · Payroll		\$443,488	\$510,412	\$520,620	\$531,032	\$541,653	\$552,486	\$563,536
6300 · Wages and Salaries								
6301 · General Manager	Chris	\$102,978	\$108,150	\$110,313	\$112,519	\$114,770	\$117,065	\$119,406
6303 · Plant Operator/ Lab Director MB Wages	Mike	\$74,069	\$76,060	\$77,581	\$79,133	\$80,716	\$82,330	\$83,976
6306 - Administrative Time		\$4,038	\$4,159	\$4,242	\$4,327	\$4,414	\$4,502	\$4,592
6307 · Administrative Assistant II (New Finance Director)		\$40,023	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204
6317 Annual Comp time payout	for all employees	\$182	\$3,296	\$3,362	\$3,429	\$3,498	\$3,568	\$3,639
6320 - On Call Pay	365 x \$45.	\$16,380	\$16,425	\$16,754	\$17,089	\$17,430	\$17,779	\$18,135
6321 Covid related sick pay	Should we budget for this?		\$0	\$0	\$0	\$0	\$0	\$0
6329 Operator 1 (Rigo)		\$44,282	\$46,250	\$47,175	\$48,119	\$49,081	\$50,062	\$51,064
6329b Temp/ Maintenance/OIT (LEO)		\$36,250	\$55,424	\$56,532	\$57,663	\$58,816	\$59,993	\$61,193
6330 - Overtime (total group)		\$1,859	\$5,350	\$5,457	\$5,566	\$5,677	\$5,791	\$5,907
Total 6000 · Wages and Salaries		\$320,061	\$365,114	\$372,416	\$379,865	\$387,462	\$395,211	\$403,115
Total Expense		\$1,072,101	\$1,087,562	\$1,112,387	\$1,138,207	\$1,211,132	\$1,242,050	\$1,273,786
Net Ordinary Income		\$70,220	-\$25,248	-\$36,944	-\$39,618	-\$88,369	-\$94,028	-\$99,366
Covid Payment		\$196,444	\$0					
Other		\$646	\$450	\$0	\$0	0	0	0
SWRCB Grant		-\$39,410						
Total Other Income		157,680	450	\$0	\$0	0	0	0
Other Expense								
6035 · Interest — Loans		\$14,530	\$14,610	\$82,099	\$81,452	\$80,799	\$40,144	\$0
6036 · Loan Principal ⁽⁶⁾	Acct # s/b 6036	\$64,595	\$69,909					
6038 Interest and finance charge expense		\$0	\$0					
6820 · NonCash Income for Depreciation		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
Total Other Expense		\$79,125	\$84,519	\$82,099	\$81,452	\$80,799	\$40,144	\$0

Table 2.5-1

Continued

Main Categories	Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
	FY 2021-2022 (Year-End/Unaudited)	FY 2022/23	FY 2023/24	FY 2024-2025	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
Net Projected Balance w /out Reserves per Preliminary Bookkeeping	\$26,237	-\$109,767	-\$119,043	-\$121,070	-\$169,168	-\$134,172	-\$99,366
Bank Reserve for Transfer (Estimated - Requires Audit to Confirm)	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0
Target Income Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income w / Bank Reserves (Estimated - Requires Audit to Confirm)	\$36,237	-\$109,767	-\$119,043	-\$121,070	-\$169,168	-\$134,172	-\$99,366
Carryover Prior Year Applied	NA	\$36,237	-\$73,530	-\$192,573	-\$313,643	-\$482,811	-\$616,983
Emergency and CRP Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Final Proposed Year Ending Balance		-\$73,530	-\$192,573	-\$313,643	-\$482,811	-\$616,983	-\$716,349

Notes:

- (1) Assumes a 1% increase annually in revenue - subjective and is based on water use for FYs 2021/22 and 2022/23
- (2) Assume the existing annual rate increase of 2% per Ordinance
- (3) Assume the approved SRGL cost stay the same until new Tri-party amendment is approved w/ Annual Increase at approx. 2%
- (4) Assumes leachate revenue increase per year with addition of new septage receiving facility min.
- (5) Assumes that annual pumping cost increase
- (6) Cobank loan with a payoff forecasted for FY 26/27

Table 2.5-2 Proposed Budget and Forecast Using Existing FY 2022/2023 Budget With Inflation and "Status-Quo" Rate Increases Including Potential Negotiated Rate Increases With CSA-6 (\$230,000)

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End-Unaudited	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
Ordinary Income/Expense			\$0					
Income			\$0					
4000 · Sewer Fee Income			\$0					
4001 · Sewer Fees (Monthly Commercial) ⁽¹⁾	Does Not Include Special Assessment	\$176,745	\$171,935	\$175,374	\$178,881	\$182,459	\$186,108	\$189,830
4004 · Sewer Fee Income From Tax Roll ⁽²⁾	Sub-Total	\$351,222	\$324,930	na	na	na	na	na
	Assessment-User Fee-\$97300 Less Standby Fee	\$253,922	\$227,630	\$232,183	\$246,114	\$260,880	\$276,533	\$293,125
4005 - Sewer Fees from "Special Assessment"	x 350 EDUs	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300
Total 4000 · Sewer Fee Income	Total Commercial and Residential	\$527,967	\$496,865	\$504,856	\$522,295	\$540,639	\$559,941	\$580,255
4011 · Golf Course Water Sales ⁽³⁾		\$62,296	\$84,015	\$85,695	\$87,409	\$89,157	\$90,941	\$92,759
4017 Sample testing		\$200	\$0					
4019 · Water Processing CSA6 Treatment	Assumes NO Collection System Cost	\$124,224	\$165,371	\$230,000	\$234,600	\$239,292	\$244,078	\$248,959
4020 · Leachate Income ⁽⁴⁾		\$7,215	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015	\$26,275
4060 · Late/Rewards/Int/Adj Charges		\$0	\$0					
4069 · Services to other agencies (Pumping Services) ⁽⁵⁾		\$5,237	\$7,000	\$7,350	\$7,718	\$8,103	\$8,509	\$8,934
Total Income		\$727,139	\$778,251	\$853,152	\$877,524	\$902,949	\$929,483	\$957,183
Expense								
5000 · Plant & Operations								
5100 · Collection System								
5105 · Collection System — Materials (Comm & Res)		\$5,289	\$5,500	\$5,775	\$6,064	\$6,428	\$6,620	\$6,819
5110 · Collection System — R & M		\$15,981	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
5115 · Lift Station R & M						\$0	\$0	\$0
	51151 - Lift Station #1	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51152 - Lift Station #2	\$11,624	\$535	\$562	\$590	\$625	\$644	\$663
	51153 - Lift Station #3	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51154 - Lift Station #4	\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
	51154.1 Lift Station #4 Generator	\$0	\$535	\$562	\$590	\$625	\$644	\$663
5120 · Vacuum Truck — Solids Removal		\$19,880	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
Total 5100 · Collection System Total Expense		\$52,774	\$37,040	\$38,892	\$40,837	\$43,287	\$44,585	\$45,923
5300 · 5400 Treatment Plant								
5305 · Chemicals & Nutrients								
	53052— Chlorine	\$5,346	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
	53054— Coagulant	\$10,486	\$12,000	\$12,600	\$13,230	\$14,024	\$14,445	\$14,878
	53056— Nutrients (Sodium Bycarbonate)	\$1,870	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
	53057 Salt	\$1,688	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
Total 5305 · Chemicals & Nutrients		\$19,390	\$22,140	\$23,247	\$24,409	\$25,874	\$26,650	\$27,450
5308-5440 Other Operational Cost								
5308 · County Trash Fees		\$402	\$500	\$525	\$551	\$584	\$602	\$620
5310 · Electrical Supplies		\$0	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5315 · Equipment Rental		\$0	\$107	\$112	\$118	\$125	\$129	\$133
5317 · Freight & Shipping		\$6,172	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
5322 · Meter Calibration		\$1,800	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5325 · Operating Supplies and Minor R&M		\$6,130	\$3,210	\$3,371	\$3,539	\$3,751	\$3,864	\$3,980
5326 · Uniform Service		\$3,372	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
5330 · Outside Lab Testing		\$12,099	\$1,200	\$1,200	\$1,260	\$1,336	\$1,376	\$1,417
5331 Lab Supplies		\$2,447	\$3,000	\$3,150	\$3,308	\$3,506	\$3,611	\$3,719
5332 Lab Equipment		\$32	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5333 Lab Accreditation		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5340 · Plant R & M — Materials and Tools		\$22,498	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
5345 · Safety Equipment		\$3,658	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
5352 · Training — Operations		\$4,694	\$4,280	\$4,494	\$4,719	\$5,002	\$5,152	\$5,306
5353 · Dues/Subscriptions/Memberships		\$3,186	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633

Table 2.5-2

Continued

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End-Unaudited	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
5360 · Permits/Fees/Licenses/Prop Tax		\$24,523	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5365 · Engineering Fees		\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5370 · Drinking Water		\$601	\$600	\$630	\$662	\$701	\$722	\$744
5375- Internet and Website	Name Change to Account	\$5,034	\$4,750	\$4,988	\$5,237	\$5,551	\$5,718	\$5,889
5416 · Depreciation & Amortization exp		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
5425 · Robinson Reef Antenna Reimburse		\$120	\$120	\$126	\$132	\$140	\$144	\$149
5430 · Business Travel — Operations		\$1,303	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5435 · Liability Insurance		\$22,646	\$22,706	\$23,841	\$25,033	\$26,535	\$27,331	\$28,151
5440 - Plant Generator		\$0	\$535	\$562	\$590	\$625	\$644	\$663
Total 5308-5440 Other Operational Cost		\$378,219	\$395,573	\$401,111	\$406,986	\$414,388	\$418,312	\$422,352
Total 5300 - 5400 Treatment Plant Total Expense		\$397,609	\$417,713	\$424,358	\$431,395	\$440,262	\$444,962	\$449,802
5500 · Vehicle								
5505 · Fuel & Gas								
	55052-Gas	\$7,813	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
	55054 - Diesel	\$2,620	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
			\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
5510 · Vehicle Expense & Repairs			\$0	\$0	\$0	\$0	\$0	\$0
	5511 · Backhoe Expense-New Account	\$364	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5512 - GMC	\$1,468	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5514 - Toyota 2011	\$132	\$535	\$562	\$590	\$625	\$644	\$663
	5516 - Toyota 2015	\$1,191	\$0	\$0	\$0	\$0	\$0	\$0
	5518 - Septic	\$1,199	\$1,500	\$1,575	\$1,654	\$1,753	\$1,806	\$1,860
5519 · Vehicle Quarterly BIT Inspection /Sewer Truck		\$450	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
5520 · Portable Generator Expense		\$2,399	\$535	\$562	\$590	\$625	\$644	\$663
Total 5500 - Vehicle Total Expense		\$17,636	\$14,710	\$15,446	\$16,218	\$17,191	\$17,707	\$18,238
5700 Utilities			\$0					
5701 · Utilities — Electric — LS#1		\$625	\$700	\$735	\$772	\$818	\$843	\$868
5702 · Utilities — Electric — LS#2		\$947	\$1,000	\$1,050	\$1,103	\$1,169	\$1,204	\$1,240
5703 · Utilities — Electric — LS#3		\$747	\$750	\$788	\$827	\$876	\$903	\$930
5704 · Utilities — Electric — LS#4		\$8,659	\$9,000	\$9,450	\$9,923	\$10,518	\$10,833	\$11,158
5705 · Utilities — Electric — T Plant		\$3,077	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5707 · Utilities — Office Propane Tank		\$739	\$800	\$840	\$882	\$935	\$963	\$992
Total 5700 · Utilities — Electricity/Propane Total Expense		\$14,794	\$37,250	\$39,113	\$41,068	\$43,532	\$44,838	\$46,183
			\$0					
5900 · Major Equipment and Facilities Replacement	Lift Station #2 Control Panel	\$90,731	\$0					
Reserve				\$0	\$0	\$0	\$0	\$0
5920 - Capital Replacement Program				\$0	\$0	\$0	\$0	\$0
Total 5900 -CPR and Reserves (Proposed)		\$90,731	\$0	\$0	\$0	\$0	\$0	\$0
Total 5000 · Plant & Operations Total Expense		\$573,544	\$506,713	\$517,808	\$529,518	\$570,146	\$578,742	\$587,596
6000 · Admin/Overhead Expenses/Labor								
6010 · Audit		\$9,500	\$10,000	\$10,500	\$11,025	\$11,687	\$12,037	\$12,398
6015 · Bank Fees/ Finance Charges		\$262	\$187	\$197	\$206	\$219	\$225	\$232
6216 · Bookkeeping	CONTRACT JULY 2020 ONLY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6021 - Legal Fees	Added \$5,000 due to Prop 218 and Ordinance	\$17,970	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
6028 · Computer Repair & Supplies		\$112	\$500	\$525	\$551	\$584	\$602	\$620
6032 · LAFCO Fees		\$2,361	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
6033 · County Tax Collection Fee		\$12,376	\$12,500	\$13,125	\$13,781	\$14,608	\$15,046	\$15,498
6046 - Board of Directors Meeting Expense		\$2,179	\$3,600	\$3,780	\$3,969	\$4,207	\$4,333	\$4,463
6064 · Dues and Subscriptions (Software)		\$2,669	\$2,600	\$2,730	\$2,867	\$3,038	\$3,130	\$3,224
6068 Office Supplies		\$2,703	\$2,500	\$2,625	\$2,756	\$2,922	\$3,009	\$3,100
6069 - Phones		\$2,287	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480

Table 2.5-2

Continued

Main Categories		Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End-Unaudited	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
6070 · Postage		\$740	\$700	\$735	\$772	\$818	\$843	\$868
6075 · Printing & Copying		\$210	\$150	\$158	\$165	\$175	\$181	\$186
6080 · Public Notices		\$0	\$428	\$449	\$472	\$500	\$515	\$531
6085 · Board of Director Training			\$0	\$0	\$0	\$0	\$0	\$0
	60852 — Training	\$0	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
	60853 Other Board expenses		\$0	\$0	\$0	\$0	\$0	\$0
	60854— Travel	\$0	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
	60855 Board Stipend (\$50 per board meeting)	\$1,700	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
Total 6000 · Admin/Overhead Expenses		\$55,069	\$70,437	\$73,959	\$77,657	\$82,316	\$84,786	\$87,330
6090 · Payroll Benefits								
6092 · Yearly Drug Testing		\$196	\$401	\$409	\$417	\$426	\$434	\$443
6093 · Benefits — Employee Retirement*		\$43,577	\$37,826	\$38,582	\$39,354	\$40,141	\$40,944	\$41,762
6094 · Benefits — Employee Health Ins*		\$66,948	\$69,550	\$70,941	\$72,360	\$73,807	\$75,283	\$76,789
6095 · Workers Comp Insurance		\$21,110	\$25,713	\$26,227	\$26,752	\$27,287	\$27,833	\$28,389
6096 · AirMed (Reach)		\$1,194	\$1,194	\$1,218	\$1,242	\$1,267	\$1,292	\$1,318
6097 · Employee Life Insurance		\$779	\$910	\$928	\$946	\$965	\$984	\$1,004
Total 6090 · Payroll Benefits		\$133,804	\$135,593	\$138,305	\$141,071	\$143,893	\$146,771	\$149,706
6100 · Payroll								
Charge		\$110	\$161	\$164	\$167	\$170	\$174	\$177
6161 FUTA tax expense		\$84	\$535	\$546	\$557	\$568	\$579	\$591
Expense		\$4,355	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307	\$5,413
6163 · Social Security Tax Expense		\$2,588	\$3,100	\$3,162	\$3,225	\$3,290	\$3,356	\$3,423
6164 · SUI Tax Expense		\$840	\$963	\$982	\$1,002	\$1,022	\$1,042	\$1,063
6165 · CA Training Tax Expense		\$35	\$43	\$44	\$45	\$45	\$46	\$47
Total 6160 · Payroll Tax Expense		\$8,012	\$9,704	\$9,898	\$10,096	\$10,298	\$10,504	\$10,714
6191 · Payroll Adjustments Audit	This will be added with the audit	-\$18,389	\$0	\$0	\$0	\$0	\$0	\$0
6192 · Other Audit Accruals	This will be added with the audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
Total 6100 · Payroll		\$443,488	\$510,412	\$520,620	\$531,032	\$541,653	\$552,486	\$563,536
6300 · Wages and Salaries								
6301 · General Manager	Chris	\$102,978	\$108,150	\$110,313	\$112,519	\$114,770	\$117,065	\$119,406
6303 · Plant Operator/ Lab Director MB Wages	Mike	\$74,069	\$76,060	\$77,581	\$79,133	\$80,716	\$82,330	\$83,976
6306 - Administrative Time		\$4,038	\$4,159	\$4,242	\$4,327	\$4,414	\$4,502	\$4,592
6307 · Administrative Assistant II (New Finance Director)		\$40,023	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204
6317 Annual Comp time payout	for all employees	\$182	\$3,296	\$3,362	\$3,429	\$3,498	\$3,568	\$3,639
6320 - On Call Pay	365 x \$45.	\$16,380	\$16,425	\$16,754	\$17,089	\$17,430	\$17,779	\$18,135
6321 Covid related sick pay	Should we budget for this?		\$0	\$0	\$0	\$0	\$0	\$0
6329 Operator 1 (Rigo)		\$44,282	\$46,250	\$47,175	\$48,119	\$49,081	\$50,062	\$51,064
6329b Temp/ Maintenance/OIT (LEO)		\$36,250	\$55,424	\$56,532	\$57,663	\$58,816	\$59,993	\$61,193
6330 - Overtime (total group)		\$1,859	\$5,350	\$5,457	\$5,566	\$5,677	\$5,791	\$5,907
Total 6000 · Wages and Salaries		\$320,061	\$365,114	\$372,416	\$379,865	\$387,462	\$395,211	\$403,115
Total Expense		\$1,072,101	\$1,087,562	\$1,112,387	\$1,138,207	\$1,194,115	\$1,216,014	\$1,238,461
Net Ordinary Income		\$70,220	-\$25,248	\$24,378	\$22,930	-\$7,553	-\$2,918	\$2,335
Covid Payment		\$196,444	\$0					
Income Other		\$646	\$450	\$0	\$0	0	0	0
SWRCB Grant		-\$39,410						
Total Other Income		157,680	450	\$0	\$0	0	0	0
Other Expense								
6035 · Interest — Loans		\$14,530	\$14,610	\$82,099	\$81,452	\$80,799	\$40,144	\$0
6036 · Loan Principal ⁽⁶⁾	Acct # s/b 6036	\$64,595	\$69,909					
6038 Interest and finance charge expense		\$0	\$0					
6820 · NonCash Income for Depreciation		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613

Table 2.5-2

Continued

Main Categories	Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
	FY 2021-2022 Year-End-Unaudited	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/ 26	FY 2026/ 27	FY 2027/ 28
Total Other Expense	\$79,125	\$84,519	\$82,099	\$81,452	\$80,799	\$40,144	\$0
Net Income	-\$8,905	-\$109,767	-\$57,721	-\$58,522	-\$88,352	-\$43,062	\$2,335
Net Projected Balance w/out Reserves per Preliminary Bookkeeping Bank Reserve for	\$26,237	-\$109,767	-\$57,721	-\$58,522	-\$88,352	-\$43,062	\$2,335
Transfer (Estimated - Requires Audit to Confirm)	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0
Target Income Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income w/ Bank Reserves (Estimated - Requires Audit to Confirm)	\$36,237	-\$109,767	-\$57,721	-\$58,522	-\$88,352	-\$43,062	\$2,335
Carryover Prior Year Applied	NA	\$36,237	-\$73,530	-\$131,251	-\$189,773	-\$278,125	-\$321,187
Emergency and CRP Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Final Proposed Year Ending Balance		-\$73,530	-\$131,251	-\$189,773	-\$278,125	-\$321,187	-\$318,852

Notes:

- (1) Assumes a 1% increase annually in revenue - subjective and is based on water use for FYs 2021/22 and 2022/23
- (2) Assume the existing annual rate increase of 2% per Ordinance
- (3) Assume the approved SRGL cost stay the same until new Tri-party amendment is approved w/ Annual Increase at approx. 2%
- (4) Assumes leachate revenue increase per year with addition of new septage receiving facility min.
- (5) Assumes that annual pumping cost increase
- (6) Cobank loan with a payoff forecasted for FY 26/27

Table 2.5-3A Summary of Actual Projected Budgetary Increases with Inflationary and Escalation Factors Applied

Summarized Budget Categories	FY 2020/21 Budget (Actual)		Actual Prior Year Rate Comparisons			
			FY 2021/22		FY 2022/23	
			FY 2021/22 (Budget)	% Increase from FY 2020/21 ⁽¹⁾ _{(2) (3)}	FY 2022/23 (Budget)	% Increase from FY 2021/22
General Ops	\$166,676.99	Audit is available upon request	\$191,127.00	12.79%	\$163,710	-14.34%
Salaries/Payroll/Office Admin/Legal	\$296,898.54		\$364,753.00	18.60%	\$445,255	22.07%
Benefits ⁽¹⁾	\$101,685.63		\$133,804.00	24.00%	\$135,593	1.34%
Chemicals	\$18,579.55		\$19,690.00	5.64%	\$22,140	12.44%
Utilities (water/electric/gas) ⁽²⁾	\$42,917.69		\$14,794.00	-190.10%	\$37,250	151.79%
Capital/ Assets/ Replacements ⁽³⁾	\$19,193.10		\$90,731.00	78.85%	\$0	-100%

Table 2.5-3B- Summary of Actual Projected Budgetary Increases with Inflationary and Escalation Factors Applied

Summarized Budget Categories	Projected Budgets with Expense Inflationary/Escalation Factors					
	FY 2025/26		FY 2026/27		FY 2027/28	
	FY 2025/26 (Budget)	Proposed Yearly % Increase to Prior Year	FY 2026/27 (Budget)	Proposed Yearly % Increase to Prior Year	FY 2027/28 (Budget)	Proposed Yearly % Increase to Prior Year
General Ops	\$191,253	6%	\$196,990	3%	\$202,900	3%
Salaries/Payroll/Office Admin/Legal	\$480,076	2%-6%	\$490,501	2%-3%	\$501,159	2%-3%
Benefits ⁽¹⁾	\$143,893	2%	\$146,771	2%	\$149,706	2%
Chemicals	\$25,874	6%	\$26,650	3%	\$27,450	3%
Utilities (water/electric/gas) ⁽²⁾	\$43,532	6%	\$44,838	3%	\$46,183	3%
Capital/ Assets/ Replacements ⁽³⁾	\$25,000	0%	\$45,000	80%	\$60,000	33%

Proposed Financial Plan

The proposed wastewater financial plan is a simple approach in establishing a target balance (year-end) that takes into consideration the establishment of an emergency and capital replacement reserve along with adjustments for inflationary factors and other increases for the GCSD O & M expenses, including debt service. Table 2.5.4 reflects the projected year-end target balances for FY 2023/24, FY 2024/25, FY 2025/26, FY 2026/27, and 2027/28. These target balances do not include the required revenue (rate Increases) but assume a status quo approach to yearly budgeting with the existing 2% inflationary annual rate increase.

It is important to note that the beginning FY balance needs to be calculated each year and is predicated on the amount of funds that are available in the year-end reserve account/balance which is very important and critical to calculating the actual amount of the recommended rate increase.

Table 2.5-4 Proposed Budget and Forecast Using Existing FY 2022/2023 Budget With Inflation and "Status-Quo" Rate Increases and Reserve Funds

Main Categories	Sub Categories	Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End-Unaudited	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Ordinary Income/Expense			\$0					
Income			\$0					
4000 · Sewer Fee Income			\$0					
4001 · Sewer Fees (Monthly Commercial) ⁽¹⁾	Does Not Include Special Assessment	\$176,745	\$171,935	\$175,374	\$178,881	\$182,459	\$186,108	\$189,830
4004 · Sewer Fee Income From Tax Roll ⁽²⁾	Sub-Total	\$351,222	\$324,930	na	na	na	na	na
	Assessment-User Fee-\$97300 Less Standby Fee	\$253,922	\$227,630	\$232,183	\$246,114	\$260,880	\$276,533	\$293,125
4005 - Sewer Fees from "Special Assessment"	x 350 EDUs	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300	\$97,300
Total 4000 · Sewer Fee Income	Total Commercial and Residential	\$527,967	\$496,865	\$504,856	\$522,295	\$540,639	\$559,941	\$580,255
4011 · Golf Course Water Sales ⁽³⁾		\$62,296	\$84,015	\$85,695	\$87,409	\$89,157	\$90,941	\$92,759
4017 Sample testing		\$200	\$0					
4019 · Water Processing CSA6 Treatment	Assumes NO Collection System Cost	\$124,224	\$165,371	\$230,000	\$234,600	\$239,292	\$244,078	\$248,959
4020 · Leachate Income ⁽⁴⁾		\$7,215	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015	\$26,275
4060 · Late/Rewards/Int/Adj Charges		\$0	\$0					
4069 · Services to other agencies (Pumping Services) ⁽⁵⁾		\$5,237	\$7,000	\$7,350	\$7,718	\$8,103	\$8,509	\$8,934
Total Income		\$727,139	\$778,251	\$853,152	\$877,524	\$902,949	\$929,483	\$957,183
Expense								
5000 · Plant & Operations								
5100 · Collection System								
5105 · Collection System — Materials (Comm & Res)		\$5,289	\$5,500	\$5,775	\$6,064	\$6,428	\$6,620	\$6,819
5110 · Collection System — R & M		\$15,981	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
5115 · Lift Station R & M						\$0	\$0	\$0
	51151 - Lift Station #1	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51152 - Lift Station #2	\$11,624	\$535	\$562	\$590	\$625	\$644	\$663
	51153 - Lift Station #3	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51154 - Lift Station #4	\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
	51154.1 Lift Station #4 Generator	\$0	\$535	\$562	\$590	\$625	\$644	\$663
5120 · Vacuum Truck — Solids Removal		\$19,880	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
Total 5100 · Collection System Total Expense		\$52,774	\$37,040	\$38,892	\$40,837	\$43,287	\$44,585	\$45,923
5300 · 5400 Treatment Plant								
5305 · Chemicals & Nutrients								
	53052— Chlorine	\$5,346	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
	53054— Coagulant	\$10,486	\$12,000	\$12,600	\$13,230	\$14,024	\$14,445	\$14,878
	53056— Nutrients (Sodium Bycarbonate)	\$1,870	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
	53057 Salt	\$1,688	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
Total 5305 · Chemicals & Nutrients		\$19,390	\$22,140	\$23,247	\$24,409	\$25,874	\$26,650	\$27,450
5308-5440 Other Operational Cost								
5308 · County Trash Fees		\$402	\$500	\$525	\$551	\$584	\$602	\$620
5310 · Electrical Supplies		\$0	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5315 · Equipment Rental		\$0	\$107	\$112	\$118	\$125	\$129	\$133
5317 · Freight & Shipping		\$6,172	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
5322 · Meter Calibration		\$1,800	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5325 · Operating Supplies and Minor R&M		\$6,130	\$3,210	\$3,371	\$3,539	\$3,751	\$3,864	\$3,980
5326 · Uniform Service		\$3,372	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
5330 · Outside Lab Testing		\$12,099	\$1,200	\$1,200	\$1,260	\$1,336	\$1,376	\$1,417
5331 Lab Supplies		\$2,447	\$3,000	\$3,150	\$3,308	\$3,506	\$3,611	\$3,719
5332 Lab Equipment		\$32	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5333 Lab Accreditation		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5340 · Plant R & M — Materials and Tools		\$22,498	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
5345 · Safety Equipment		\$3,658	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
5352 · Training — Operations		\$4,694	\$4,280	\$4,494	\$4,719	\$5,002	\$5,152	\$5,306
5353 · Dues/Subscriptions/Memberships		\$3,186	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5360 · Permits/Fees/Licenses/Prop Tax		\$24,523	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5365 · Engineering Fees		\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5370 · Drinking Water		\$601	\$600	\$630	\$662	\$701	\$722	\$744
5375- Internet and Website	Name Change to Account	\$5,034	\$4,750	\$4,988	\$5,237	\$5,551	\$5,718	\$5,889
5416 · Depreciation & Amortization exp		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
5425 · Robinson Reef Antenna Reimburse		\$120	\$120	\$126	\$132	\$140	\$144	\$149
5430 · Business Travel — Operations		\$1,303	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5435 · Liability Insurance		\$22,646	\$22,706	\$23,841	\$25,033	\$26,535	\$27,331	\$28,151
5440 - Plant Generator		\$0	\$535	\$562	\$590	\$625	\$644	\$663
Total 5308-5440 Other Operational Cost		\$378,219	\$395,573	\$401,111	\$406,986	\$414,388	\$418,312	\$422,352

Table 2.5-4

Continued

Main Categories	Sub Categories	Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End- Unaudited	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Total 5300 - 5400 Treatment Plant Total Expense		\$397,609	\$417,713	\$424,358	\$431,395	\$440,262	\$444,962	\$449,802
5500 · Vehicle								
5505 · Fuel & Gas								
	55052-Gas	\$7,813	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
	55054 - Diesel	\$2,620	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
			\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
5510 · Vehicle Expense & Repairs			\$0	\$0	\$0	\$0	\$0	\$0
	5511 · Backhoe Expense- New Account	\$364	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5512 - GMC	\$1,468	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5514 - Toyota 2011	\$132	\$535	\$562	\$590	\$625	\$644	\$663
	5516 - Toyota 2015	\$1,191	\$0	\$0	\$0	\$0	\$0	\$0
	5518 - Septic	\$1,199	\$1,500	\$1,575	\$1,654	\$1,753	\$1,806	\$1,860
5519 · Vehicle Quarterly BIT Inspection /Sew er Truck		\$450	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
5520 · Portable Generator Expense		\$2,399	\$535	\$562	\$590	\$625	\$644	\$663
Total 5500 - Vehicle Total Expense		\$17,636	\$14,710	\$15,446	\$16,218	\$17,191	\$17,707	\$18,238
5700 Utilities			\$0					
5701 · Utilities — Electric — LS#1		\$625	\$700	\$735	\$772	\$818	\$843	\$868
5702 · Utilities — Electric — LS#2		\$947	\$1,000	\$1,050	\$1,103	\$1,169	\$1,204	\$1,240
5703 · Utilities — Electric — LS#3		\$747	\$750	\$788	\$827	\$876	\$903	\$930
5704 · Utilities — Electric — LS#4		\$8,659	\$9,000	\$9,450	\$9,923	\$10,518	\$10,833	\$11,158
5705 · Utilities — Electric — T Plant		\$3,077	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5707 · Utilities — Office Propane Tank		\$739	\$800	\$840	\$882	\$935	\$963	\$992
Total 5700 · Utilities — Electricity/Propane Total Expense		\$14,794	\$37,250	\$39,113	\$41,068	\$43,532	\$44,838	\$46,183
			\$0					
5900 · Major Equipment and Facilities Replacement	Lift Station #2 Control Panel	\$90,731	\$0					
5910 - Emergency Reserve				\$10,000	\$10,000	\$10,000	\$15,000	\$20,000
5920 - Capital Replacement Program				\$10,000	\$15,000	\$15,000	\$30,000	\$40,000
Total 5900 -CPR and Reserves (Proposed)		\$90,731	\$0	\$20,000	\$25,000	\$25,000	\$45,000	\$60,000
Total 5000 · Plant & Operations Total Expense		\$573,544	\$506,713	\$537,808	\$554,518	\$569,272	\$597,092	\$620,146
6000 · Admin/Overhead Expenses/Labor								
6010 · Audit		\$9,500	\$10,000	\$10,500	\$11,025	\$11,687	\$12,037	\$12,398
6015 · Bank Fees/ Finance Charges		\$262	\$187	\$197	\$206	\$219	\$225	\$232
6216 · Bookkeeping	CONTRACT JULY 2020 ONLY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6021 - Legal Fees	Added \$5,000 due to Prop 218 and Ordinance	\$17,970	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
6028 · Computer Repair & Supplies		\$112	\$500	\$525	\$551	\$584	\$602	\$620
6032 · LAFCO Fees		\$2,361	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
6033 · County Tax Collection Fee		\$12,376	\$12,500	\$13,125	\$13,781	\$14,608	\$15,046	\$15,498
6046 - Board of Directors Meeting Expense		\$2,179	\$3,600	\$3,780	\$3,969	\$4,207	\$4,333	\$4,463
6064 · Dues and Subscriptions (Softw are)		\$2,669	\$2,600	\$2,730	\$2,867	\$3,038	\$3,130	\$3,224
6068 Office Supplies		\$2,703	\$2,500	\$2,625	\$2,756	\$2,922	\$3,009	\$3,100
6069 - Phones		\$2,287	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
6070 · Postage		\$740	\$700	\$735	\$772	\$818	\$843	\$868
6075 · Printing & Copying		\$210	\$150	\$158	\$165	\$175	\$181	\$186
6080 · Public Notices		\$0	\$428	\$449	\$472	\$500	\$515	\$531
6085 · Board of Director Training			\$0	\$0	\$0	\$0	\$0	\$0
	60852 — Training	\$0	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220	\$3,317
	60853 Other Board expenses		\$0	\$0	\$0	\$0	\$0	\$0
	60854— Travel	\$0	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
	60855 Board Stipend (\$50 per board meeting)	\$1,700	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
Total 6000 · Admin/Overhead Expenses		\$55,069	\$70,437	\$73,959	\$77,657	\$82,316	\$84,786	\$87,330
6090 · Payroll Benefits								
6092 · Yearly Drug Testing		\$196	\$401	\$409	\$417	\$426	\$434	\$443
6093 · Benefits — Employee Retirement*		\$43,577	\$37,826	\$38,582	\$39,354	\$40,141	\$40,944	\$41,762
6094 · Benefits — Employee Health Ins*		\$66,948	\$69,550	\$70,941	\$72,360	\$73,807	\$75,283	\$76,789
6095 · Workers Comp Insurance		\$21,110	\$25,713	\$26,227	\$26,752	\$27,287	\$27,833	\$28,389
6096 · AirMed (Reach)		\$1,194	\$1,194	\$1,218	\$1,242	\$1,267	\$1,292	\$1,318
6097 · Employee Life Insurance		\$779	\$910	\$928	\$946	\$965	\$984	\$1,004
Total 6090 · Payroll Benefits		\$133,804	\$135,593	\$138,305	\$141,071	\$143,893	\$146,771	\$149,706

Table 2.5-4

Continued

Main Categories	Sub Categories	Current and Future Budget				1st Yr of Operations	2nd Yr of Operations	3rd Yr of Operations
		FY 2021-2022 Year-End- Unaudited	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
6100 - Payroll								
6145 - Direct Deposit Charge		\$110	\$161	\$164	\$167	\$170	\$174	\$177
6161 FUTA tax expense		\$84	\$535	\$546	\$557	\$568	\$579	\$591
6162 - Medicare Tax Expense		\$4,355	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307	\$5,413
6163 - Social Security Tax Expense		\$2,588	\$3,100	\$3,162	\$3,225	\$3,290	\$3,356	\$3,423
6164 - SUI Tax Expense		\$840	\$963	\$982	\$1,002	\$1,022	\$1,042	\$1,063
6165 - CA Training Tax Expense		\$35	\$43	\$44	\$45	\$45	\$46	\$47
Total 6160 - Payroll Tax Expense		\$8,012	\$9,704	\$9,898	\$10,096	\$10,298	\$10,504	\$10,714
6191 - Payroll Adjustments Audit	This will be added with the audit	-\$18,389	\$0	\$0	\$0	\$0	\$0	\$0
6192 - Other Audit Accruals	This will be added with the audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
Total 6100 - Payroll		\$443,488	\$510,412	\$520,620	\$531,032	\$541,653	\$552,486	\$563,536
6300 - Wages and Salaries								
6301 - General Manager	Chris	\$102,978	\$108,150	\$110,313	\$112,519	\$114,770	\$117,065	\$119,406
6303 - Plant Operator/ Lab Director MB Wages	Mike	\$74,069	\$76,060	\$77,581	\$79,133	\$80,716	\$82,330	\$83,976
6306 - Administrative Time		\$4,038	\$4,159	\$4,242	\$4,327	\$4,414	\$4,502	\$4,592
6307 - Administrative Assistant II (New Finance Director)		\$40,023	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204
6317 Annual Comp time payout	for all employees	\$182	\$3,296	\$3,362	\$3,429	\$3,498	\$3,568	\$3,639
6320 - On Call Pay	365 x \$45.	\$16,380	\$16,425	\$16,754	\$17,089	\$17,430	\$17,779	\$18,135
6321 Covid related sick pay	Should we budget for this?		\$0	\$0	\$0	\$0	\$0	\$0
6329 Operator 1 (Rigo)		\$44,282	\$46,250	\$47,175	\$48,119	\$49,081	\$50,062	\$51,064
6329b Temp/ Maintenance/OIT (LEO)		\$36,250	\$55,424	\$56,532	\$57,663	\$58,816	\$59,993	\$61,193
6330 - Overtime (total group)		\$1,859	\$5,350	\$5,457	\$5,566	\$5,677	\$5,791	\$5,907
Total 6000 - Wages and Salaries		\$320,061	\$365,114	\$372,416	\$379,865	\$387,462	\$395,211	\$403,115
Total Expense		\$1,072,101	\$1,087,562	\$1,132,387	\$1,163,207	\$1,193,241	\$1,234,364	\$1,271,011
Net Ordinary Income		\$70,220	-\$25,248	\$4,378	-\$2,070	-\$6,679	-\$21,268	-\$30,215
Covid Payment		\$196,444	\$0					
Total 4101 - Interest Income Other		\$646	\$450	\$0	\$0	0	0	0
Money Market Savings Account/Grant Income and Expense		-\$39,410						
Total Other Income		157,680	450	\$0	\$0	0	0	0
Other Expense								
6035 - Interest — Loans		\$14,530	\$14,610	\$82,099	\$81,452	\$80,799	\$40,144	\$0
6036 - Loan Principal (6)	Acct # s/b 6036	\$64,595	\$69,909					
6038 Interest and finance charge expense		\$0	\$0					
6820 - NonCash Income for Depreciation		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
Total Other Expense		\$79,125	\$84,519	\$82,099	\$81,452	\$80,799	\$40,144	\$0
Net Income (Unaudited)		-\$8,905	-\$109,767	-\$77,721	-\$83,522	-\$87,478	-\$61,412	-\$30,215
Net Projected Balance w /out Reserves per Preliminary Bookkeeping		\$26,237	-\$109,767	-\$77,721	-\$83,522	-\$87,478	-\$61,412	-\$30,215
Bank Reserve for Transfer (Estimated - Requires Audit to Confirm)		\$10,000	\$0	\$0	\$20,000	\$25,000	\$10,000	\$20,000
Target Income Balance		\$0	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000
Net Income w / Bank Reserves (Estimated - Requires Audit to Confirm)		\$36,237	-\$109,767	-\$77,721	-\$93,522	-\$97,478	-\$71,412	-\$40,215
Carryover Prior Year Applied		NA	\$36,237	-\$73,530	-\$151,251	-\$234,773	-\$317,251	-\$388,663
Emergency and CRP Reserves		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Final Propose Year Ending Balance			-\$73,530	-\$151,251	-\$234,773	-\$317,251	-\$388,663	-\$418,878
EMERGENCY AND CRP RESERVES AVAILABLE				\$20,000	\$25,000	\$25,000	\$60,000	\$100,000

Notes:

- (1) Assumes a 1% increase annually in revenue - subjective and is based on water use for FYs 2021/22 and 2022/23
- (2) Assume the existing annual rate increase of 2% per Ordinance
- (3) Assume the approved SRGL cost stay the same until new Tri-party amendment is approved w/ Annual Increase at approx. 2%
- (4) Assumes leachate revenue increase per year with addition of new septage receiving facility min.
- (5) Assumes that annual pumping cost increase
- (6) Cobank loan with a payoff forecasted for FY 26/27

CPR and Reserves (Accumulative - No Transfers)			\$20,000	\$45,000	\$70,000	\$115,000	\$175,000
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3 PROPOSED WASTEWATER RATES

This section of the report details the cost-of-service analysis and rate calculation process to determine the proposed wastewater rates. The goal of this process is to determine the cost of providing wastewater service to each of the GCSD's wastewater customer classes and Tri-Party Agreement participants and to help ensure equity and fairness among the various classes. It assumes the existing rate structure as noted in Section 2.2 (**Tables 2.2-1 and 2.2-2**) is not modified or revised except for recommended annual increases, both per the existing inflationary 2% on the flat rate and the usage surcharge and recommended yearly increases from FY 2023/24 to FY 2027/28. Section 3-3.1 of this report provides recommended changes to the rate structure to both simplify and provide for a more stable revenue for "cash-flow" purposes.

3.1 APPROACH

The cost-of-service analysis utilized to develop the wastewater rates and acquire sufficient revenues and generally follow the guidelines for allocating costs outlined in the WEF's Manual No. 27. The cost-of-service analysis and rate design process consists of five major steps, as outlined below:

1. Determine the revenue requirement, equal to the revenue to be recovered from rates.
2. Functionalize O&M expenses, revenue sources, and capital assets into functional categories such as flow, customer, general treatment and collection, other small revenue sources, Tri-party revenue, and other general small expenses and revenues.
3. Develop customer class characteristics that include the residential customer's average daily wastewater flows without consideration of organic loading as discussed above. Based on the total number of nonresidential users it is assumed that TSS and BOD loadings range between 80 mg/l to 200 mg/l. There are a small number of commercial users that effect the WWTP ability to treat the organic loadings (energy/chemicals/manpower). This proposed rate structure is primarily a flow-based system that includes the organic loadings within the O&M expenses.
4. Calculate the cost of the waste stream per 1000 gallons, based on all operational costs, including debt service, CRP and emergency reserves. The GCSD currently applies a water use surcharge of \$.024 /gallon (FY 2022/23 Budget) when the water use exceeds 76,656 gallons per year. It is recommended that this cost per gallon surcharge be re-evaluated based on the average of the last 5-years of annual waste stream flows divided by 2023/24 costs for system-wide wastewater facilities operations.
5. Calculate the cost for each customer class by the following methods (current ordinance):
 - Apply one (1) single flat rate to each customer (commercial and residential) and apply water use surcharges if metered water flows exceed 76,656 gallons per year (current ordinance).
 - Apply to the current water surcharge rate the recommended annual increase for usage.
 - For commercial use, apply the calculated cost per gallon for establishing the monthly rate and also add a surcharge where the water usage as acquired from the NGWC exceed 74,868 per year.
 - Charge each customer type (commercial/residential) the current "Special Assessment Fees" based on the calculated number of EDUs for each, with no annual rate increase applied.

- Charge each customer type (commercial/residential) the current “Standby Fee” and the “Annual County Tax Administrative Fee” based on the calculated number of EDUs for each, with no annual rate increase applied.
- Anticipate other revenue from GCSD fees charged for septage hauling and delivery for non-stationary customer-based users.

3.2 COST OF SERVICE ANALYSIS

Revenue and Rate Requirements

This section provides an estimated projection for the revenue requirements for FY 2023/2024, FY 2024/25, FY 2025/26, FY 2026/27, and FY 2027/28 for the GCSD that will include various existing and additional rate components, including and not limited to:

- Inclusion of an “Emergency Fund” and a “Capital Replacement Fund” with a minimal amount of funds allocated within the initial years (refer to **Table 2.1-3**)
- An initial negotiated wastewater treatment cost for the CSA 6 Service Area starting in FY 2022/23 based on preliminary negotiations and calculations using a cost of \$10/ 1000 gallons. This only a temporary agreement for the cost of the CSA 6 waste flows that is applied to the FY 2022/23 Budget. It is highly recommended that the future CSA 6 cost share be based on avg. yearly wastewater flows with the CRP and emergency reserves being included in the total WWTP O and M costs, while the costs associated with the GCSD collection system is excluded from those costs considered in the proposed Tri-party Agreement amendment.
- Reclamation rates that assume that the SRGL will continue to pay the cost associated with all recycled/reclamation treatment and disposal costs, including associated lab cost increases. This current rate for the SRGL will also be re-evaluated (negotiated) per the proposed amended Tri-Party Agreement. There is discussion by all parties that the costs associated with the disposal of the treated tertiary effluent be renegotiated. The goal would be to equally share the O and M costs associated with the recycled/reclamation tertiary treated effluent. Currently the SRGL pays for 100% of the calculated O and M costs associated with the treatment of the secondary effluent to tertiary levels, with minimal financial cost sharing by the GCSD and CSA 6 users.
- Adjustments for inflation assume that inflationary factors will be allocated to O&M budget line items projected over the next five (5) years on a year-to-year basis. These projected inflationary increases are presented in **Tables 2.1-1 and Table 2.1-2**, above.

The revenue requirements for the next six (6) fiscal years are presented in **Table 3.2-1**. These revenue requirements also include the projected amount of yearly rate increase, as required to meet the target year-ending budget amount(s), including the establishment of both an emergency and CRP fund(s). It should be noted that the presented values should be considered rate recommendations that are based on an un-audited year-end-reserve total amount at the end of FY 2021/22. The effect on annual balances from existing reserves should be confirmed by GCSD prior to adopting new rates.

Table 3.2-1 Proposed Recommended Revenue and Rate Increase

Main Categories		Current and Future Budget Proposals						
		FY 21/22 (Yr. End- Unaudited)	FY 22/23	FY 23/24	FY 24/25	1st Yr After Grant Funded Project FY 25/6	2nd Yr After Grant Funded Project FY 26/27	3rd Yr After Grant Funded Project FY27/28
Existing and Proposed Rate Increase		2% (Existing)	2% (Existing)	18%	10%	5%	3%	3%
Ordinary Income/Expense	Notes							
Income								
4000 · Sewer Fee Income								
4001 · Sewer Fees (Monthly Commercial) ⁽¹⁾⁽⁷⁾	Special assessment not included. Includes flat rate and usage surcharge	\$176,745	\$171,935	\$202,883	\$223,172	\$234,330	\$241,360	\$248,601
4004 · Sewer Fee Income From Tax Roll ⁽²⁾⁽⁷⁾	Sub-Total	\$351,222	\$324,930	na	na	na	na	na
4004 - Sewer Fee Income From Tax Roll (2) (7)	*Less Special Assessment-User Fee- \$ 97,300 * Less Standby Fee \$51 = \$ 21,267 * Less Misc. Charges * Special assessment not included	\$253,922	\$206,663	\$243,862	\$268,249	\$281,661	\$290,111	\$298,814
Standby and Other Charges No Increase								
Net Amount to Apply Rate Increase								
4005 - Sewer Fees from "Special Assessment" and Other charges	x 350 EDUs	\$97,300	\$118,267	\$118,267	\$118,267	\$118,267	\$118,267	\$118,267
Total 4000 · Sewer Fee Income	Total Commercial and Residential	\$527,967	\$496,865	\$565,013	\$609,687	\$634,258	\$649,738	\$665,682
4011 · Golf Course Water Sales ⁽³⁾		\$62,296	\$84,015	\$86,535	\$89,132	\$91,805	\$94,560	\$97,396
4017 Sample testing		\$200	\$0					
4019 · Water Processing CSA6 Treatment	Assumes NO Collection System Cost w/Negotiated amount of \$230,000	\$124,225	\$165,371	\$230,000	\$253,000	\$265,650	\$273,620	\$281,828
4020 · Leachate Income ⁽⁴⁾		\$7,215	\$25,000	\$25,250	\$25,503	\$28,053	\$30,858	\$33,944
4060 · Late/Rewards/Int/Adj Charges		\$0	\$0					
4069 · Services to other agencies (Pumping Services) ⁽⁵⁾		\$5,237	\$7,000	\$7,350	\$7,718	\$8,103	\$8,509	\$8,934
Total Income		\$727,140	\$778,251	\$914,148	\$985,039	\$1,027,870	\$1,057,284	\$1,087,784
Expense								
5000 · Plant & Operations								
5100 · Collection System								
5105 · Collection System— Materials (Comm & Res)		\$5,289	\$5,500	\$5,775	\$6,064	\$6,428	\$6,620	\$6,819
5110 · Collection System— R & M		\$15,981	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
5115 · Lift Station R & M						\$0	\$0	\$0
	51151 - Lift Station #1	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51152 - Lift Station #2	\$11,624	\$535	\$562	\$590	\$625	\$644	\$663
	51153 - Lift Station #3	\$0	\$535	\$562	\$590	\$625	\$644	\$663
	51154 - Lift Station #4	\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
	51154.1 Lift Station #4 Generator	\$0	\$535	\$562	\$590	\$625	\$644	\$663
5120 · Vacuum Truck — Solids Removal		\$19,880	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
Total 5100 · Collection System Total Expense		\$52,774	\$37,040	\$38,892	\$40,837	\$43,287	\$44,585	\$45,923
5300 · 5400 Treatment Plant								
5305 · Chemicals & Nutrients								
	53052— Chlorine	\$5,346	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
	53054— Coagulant	\$10,486	\$12,000	\$12,600	\$13,230	\$14,024	\$14,445	\$14,878
	53056— Nutrients (Sodium Bycarbonate)	\$1,870	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
	53057 Salt	\$1,688	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
Total 5305 · Chemicals & Nutrients		\$19,390	\$22,140	\$23,247	\$24,409	\$25,874	\$26,650	\$27,450
5308-5440 Other Operational Cost								
5308 · County Trash Fees		\$402	\$500	\$525	\$551	\$584	\$602	\$620
5310 · Electrical Supplies		\$0	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5315 · Equipment Rental		\$0	\$107	\$112	\$118	\$125	\$129	\$133

Table 3.2-1

Continued

Main Categories		Current and Future Budget Proposals						
		FY 21/22 (Yr. End- Unaudited)	FY 22/23	FY 23/24	FY 24/25	1st Yr After Grant Funded Project FY 25/6	2nd Yr After Grant Funded Project FY 26/27	3rd Yr After Grant Funded Project FY27/28
Existing and Proposed Rate Increase		2% (Existing)	2% (Existing)	18%	10%	5%	3%	3%
5317 · Freight & Shipping		\$6,172	\$6,000	\$6,300	\$6,615	\$7,012	\$7,222	\$7,439
5322 · Meter Calibration		\$1,800	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5325 · Operating Supplies and Minor R&M		\$6,130	\$3,210	\$3,371	\$3,539	\$3,751	\$3,864	\$3,980
5326 · Uniform Service		\$3,372	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637	\$4,776
5330 · Outside Lab Testing		\$12,099	\$1,200	\$1,200	\$1,260	\$1,336	\$1,376	\$1,417
5331 · Lab Supplies		\$2,447	\$3,000	\$3,150	\$3,308	\$3,506	\$3,611	\$3,719
5332 · Lab Equipment		\$32	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
5333 · Lab Accreditation	Not included for this proposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5340 · Plant R & M — Materials and Tools		\$22,498	\$16,050	\$16,853	\$17,695	\$18,757	\$19,320	\$19,899
5345 · Safety Equipment		\$3,658	\$2,140	\$2,247	\$2,359	\$2,501	\$2,576	\$2,653
5352 · Training — Operations		\$4,694	\$4,280	\$4,494	\$4,719	\$5,002	\$5,152	\$5,306
5353 · Dues/Subscriptions/Member ships		\$3,186	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5360 · Permits/Fees/Licenses/Prop Tax		\$24,523	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5365 · Engineering Fees	Did not include - Grant funded FY 2021/22	\$0	\$5,350	\$5,618	\$5,898	\$6,252	\$6,440	\$6,633
5370 · Drinking Water		\$601	\$600	\$630	\$662	\$701	\$722	\$744
5375- Internet and Website	Name Change to Account	\$5,034	\$4,750	\$4,988	\$5,237	\$5,551	\$5,718	\$5,889
5416 · Depreciation & Amortization exp		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
5425 · Robinson Reef Antenna Reimburse		\$120	\$120	\$126	\$132	\$140	\$144	\$149
5430 · Business Travel — Operations		\$1,303	\$1,605	\$1,685	\$1,770	\$1,876	\$1,932	\$1,990
5435 · Liability Insurance		\$22,646	\$22,706	\$23,841	\$25,033	\$26,535	\$27,331	\$28,151
5440 - Plant Generator		\$0	\$535	\$562	\$590	\$625	\$644	\$663
Total 5308-5440 Other Operational Cost		\$378,219	\$395,573	\$401,111	\$406,986	\$414,388	\$418,312	\$422,352
Total 5300 - 5400 Treatment Plant Total Expense		\$397,609	\$417,713	\$424,358	\$431,395	\$440,262	\$444,962	\$449,802
5500 · Vehicle								
5505 · Fuel & Gas								
	55052-Gas	\$7,813	\$8,000	\$8,400	\$8,820	\$9,349	\$9,630	\$9,919
	55054 - Diesel	\$2,620	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407	\$2,480
			\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0
5510 · Vehicle Expense & Repairs			\$0	\$0	\$0	\$0	\$0	\$0
	5511 · Backhow Expense- New Account	\$364	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5512 - GMC	\$1,468	\$535	\$562	\$590	\$625	\$644	\$663
Need to Replace	5514 - Toyota 2011	\$132	\$535	\$562	\$590	\$625	\$644	\$663
	5516 - Toyota 2015	\$1,191	\$0	\$0	\$0	\$0	\$0	\$0
	5518 - Septic	\$1,199	\$1,500	\$1,575	\$1,654	\$1,753	\$1,806	\$1,860
5519 · Vehicle Quarterly BIT Inspection /Sew er Truck		\$450	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288	\$1,327
5520 · Portable Generator Expense		\$2,399	\$535	\$562	\$590	\$625	\$644	\$663
Total 5500 - Vehicle Total Expense		\$17,636	\$14,710	\$15,446	\$16,218	\$17,191	\$17,707	\$18,238
5700 Utilities			\$0					
5701 · Utilities — Electric — LS#1		\$625	\$700	\$735	\$772	\$818	\$843	\$868
5702 · Utilities — Electric — LS#2		\$947	\$1,000	\$1,050	\$1,103	\$1,169	\$1,204	\$1,240
5703 · Utilities — Electric — LS#3		\$747	\$750	\$788	\$827	\$876	\$903	\$930
5704 · Utilities — Electric — LS#4		\$8,659	\$9,000	\$9,450	\$9,923	\$10,518	\$10,833	\$11,158
5705 · Utilities — Electric — T Plant		\$3,077	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093	\$30,996
5707 · Utilities — Office Propane Tank		\$739	\$800	\$840	\$882	\$935	\$963	\$992
Total 5700 · Utilities — Electricity/Propane Total Expense		\$14,794	\$37,250	\$39,113	\$41,068	\$43,532	\$44,838	\$46,183

Table 3.2-1

Continued

Main Categories	Current and Future Budget Proposals						
	FY 21/22 (Yr. End- Unaudited)	FY 22/23	FY 23/24	FY 24/25	1st Yr After Grant Funded Project FY 25/6	2nd Yr After Grant Funded Project FY 26/27	3rd Yr After Grant Funded Project FY27/28
Existing and Proposed Rate Increase	2% (Existing)	2% (Existing)	18%	10%	5%	3%	3%
		\$0					
5900 · Major Equipment and Facilities Replacement	Lift Station #2 Control Panel	\$90,731	\$0				
5910 - Emergency Reserve				\$10,000	\$10,000	\$10,000	\$15,000
5920 - Capital Replacement Program				\$10,000	\$15,000	\$15,000	\$30,000
Total 5900 -CPR and Reserves (Proposed)		\$90,731	\$0	\$20,000	\$25,000	\$25,000	\$45,000
Total 5000 · Plant & Operations Total Expense	573844	\$573,544	\$506,713	\$537,808	\$554,518	\$569,272	\$597,092
6000 · Admin/Overhead Expenses/Labor							
6010 · Audit		\$9,500	\$10,000	\$10,500	\$11,025	\$11,687	\$12,037
6015 · Bank Fees/ Finance Charges		\$262	\$187	\$197	\$206	\$219	\$225
6216 · Bookkeeping	CONTRACT JULY 2020 ONLY	\$0	\$0	\$0	\$0	\$0	\$0
6021 - Legal Fees	Added \$5,000 due to Prop 218 and Ordinance	\$17,970	\$25,000	\$26,250	\$27,563	\$29,216	\$30,093
6028 · Computer Repair & Supplies		\$112	\$500	\$525	\$551	\$584	\$602
6032 · LAFCO Fees		\$2,361	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220
6033 · County Tax Collection Fee		\$12,376	\$12,500	\$13,125	\$13,781	\$14,608	\$15,046
6046 - Board of Directors Meeting Expense		\$2,179	\$3,600	\$3,780	\$3,969	\$4,207	\$4,333
6064 · Dues and Subscriptions (Softw are)		\$2,669	\$2,600	\$2,730	\$2,867	\$3,038	\$3,130
6068 Office Supplies		\$2,703	\$2,500	\$2,625	\$2,756	\$2,922	\$3,009
6069 - Phones		\$2,287	\$2,000	\$2,100	\$2,205	\$2,337	\$2,407
6070 · Postage		\$740	\$700	\$735	\$772	\$818	\$843
6075 · Printing & Copying		\$210	\$150	\$158	\$165	\$175	\$181
6080 · Public Notices		\$0	\$428	\$449	\$472	\$500	\$515
6085 · Board of Director Training			\$0	\$0	\$0	\$0	\$0
	60852 — Training	\$0	\$2,675	\$2,809	\$2,949	\$3,126	\$3,220
	60853 Other Board expenses		\$0	\$0	\$0	\$0	\$0
	60854— Travel	\$0	\$1,070	\$1,124	\$1,180	\$1,250	\$1,288
	60855 Board Stipend (\$50 per board meeting)	\$1,700	\$3,852	\$4,045	\$4,247	\$4,502	\$4,637
Total 6000 · Admin/Overhead Expenses		\$55,069	\$70,437	\$73,959	\$77,657	\$82,316	\$84,786
6090 · Payroll Benefits							
6092 · Yearly Drug Testing		\$196	\$401	\$409	\$417	\$426	\$434
6093 · Benefits — Employee Retirement*		\$43,577	\$37,826	\$38,582	\$39,354	\$40,141	\$40,944
6094 · Benefits — Employee Health Ins*		\$66,948	\$69,550	\$70,941	\$72,360	\$73,807	\$75,283
6095 · Workers Comp Insurance		\$21,110	\$25,713	\$26,227	\$26,752	\$27,287	\$27,833
6096 · AirMed (Reach)		\$1,194	\$1,194	\$1,218	\$1,242	\$1,267	\$1,292
6097 · Employee Life Insurance		\$779	\$910	\$928	\$946	\$965	\$984
Total 6090 · Payroll Benefits		\$133,804	\$135,593	\$138,305	\$141,071	\$143,893	\$146,771
6100 · Payroll							
6145 · Direct Deposit Charge		\$110	\$161	\$164	\$167	\$170	\$174
6161 FUTA tax expense		\$84	\$535	\$546	\$557	\$568	\$579
6162 · Medicare Tax Expense		\$4,355	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307
6163 · Social Security Tax Expense		\$2,588	\$3,100	\$3,162	\$3,225	\$3,290	\$3,356
6164 · SUI Tax Expense		\$840	\$963	\$982	\$1,002	\$1,022	\$1,042
6165 · CA Training Tax Expense		\$35	\$43	\$44	\$45	\$45	\$46
Total 6160 · Payroll Tax Expense		\$8,012	\$9,704	\$9,898	\$10,096	\$10,298	\$10,504
6191 · Payroll Adjustments Audit	This w ill be added w ith the audit	-\$18,389	\$0	\$0	\$0	\$0	\$0
6192 · Other Audit Accruals	This w ill be added w ith the audit	\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0
Total 6100 · Payroll		\$443,488	\$510,412	\$520,620	\$531,032	\$541,653	\$552,486
							\$563,536

Table 3.2-1

Continued

Main Categories		Current and Future Budget Proposals						
		FY 21/22 (Yr. End- Unaudited)	FY 22/23	FY 23/24	FY 24/25	1st Yr After Grant Funded Project FY 25/6	2nd Yr After Grant Funded Project FY 26/27	3rd Yr After Grant Funded Project FY27/28
Existing and Proposed Rate Increase		2% (Existing)	2% (Existing)	18%	10%	5%	3%	3%
6300 - Wages and Salaries								
6301 - General Manager	Chris	\$102,978	\$108,150	\$110,313	\$112,519	\$114,770	\$117,065	\$119,406
6303 - Plant Operator/ Lab Director MB Wages	Mike	\$74,069	\$76,060	\$77,581	\$79,133	\$80,716	\$82,330	\$83,976
6306 - Administrative Time		\$4,038	\$4,159	\$4,242	\$4,327	\$4,414	\$4,502	\$4,592
6307 - Administrative Assistant II (New Finance Director)		\$40,023	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204
6317 Annual Comp time payout	for all employees	\$182	\$3,296	\$3,362	\$3,429	\$3,498	\$3,568	\$3,639
6320 - On Call Pay	365 x \$45.	\$16,380	\$16,425	\$16,754	\$17,089	\$17,430	\$17,779	\$18,135
6321 Covid related sick pay	Should we budget for this?		\$0	\$0	\$0	\$0	\$0	\$0
6329 Operator 1 (Rigo)		\$44,282	\$46,250	\$47,175	\$48,119	\$49,081	\$50,062	\$51,064
6329b Temp/ Maintenance/OIT (LEO)		\$36,250	\$55,424	\$56,532	\$57,663	\$58,816	\$59,993	\$61,193
6330 - Overtime (total group)		\$1,859	\$5,350	\$5,457	\$5,566	\$5,677	\$5,791	\$5,907
Total 6000 - Wages and Salaries		\$320,061	\$365,114	\$372,416	\$379,865	\$387,462	\$395,211	\$403,115
Total Expense		\$1,072,101	\$1,087,562	\$1,132,387	\$1,163,207	\$1,193,241	\$1,234,364	\$1,271,011
Net Ordinary Income		\$70,221	-\$25,248	\$65,374	\$105,445	\$118,241	\$106,533	\$100,386
Covid Payment	One-time payment to augment budget	\$196,444	\$0					
Total 4101 - Interest Income Other		\$646	\$450	\$0	\$0	0	0	0
4150 - SWRCB Grant								
4151 - SWRCB Grant Income ⁽⁸⁾	Cash Flow Calculation (Possible interim loan during construction)		NA	NA	NA	NA	NA	NA
4152 - SWRCB Grant Expense ⁽⁸⁾	Cash Flow Calculation (Possible interim loan during construction)	-\$39,410	NA	NA	NA	NA	NA	NA
4154 - Grant Application Costs ⁽⁸⁾	Cash Flow Calculation (Possible interim loan during construction)		NA	NA	NA	NA	NA	NA
Total Other Income		157,680	450	\$0	\$0	\$0	\$0	\$0
Other Expense								
6035 - Interest — Loans		\$14,530	\$14,610	\$82,099	\$81,452	\$80,799	\$40,144	\$0
6036 - Loan Principal ⁽⁶⁾	Acct # s/b 6036	\$64,595	\$69,909					
6038 Interest and finance charge expense		\$0	\$0					
6820 - NonCash Income for Depreciation		\$257,502	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613	\$283,613
Total Other Expense		\$79,125	\$84,519	\$82,099	\$81,452	\$80,799	\$40,144	\$0
Net Income Per Budget Preparation (No Resrves) - Un-Audited Amount			-\$109,767	-\$16,725	\$23,993	\$37,442	\$66,389	\$100,386
Year-end Carryover Reserves - Available		\$10,000	\$0	\$0	\$20,000	\$25,000	\$10,000	\$20,000
Projected Year-End Net Balance (No reserves or carryover applied)		\$26,237	-\$109,767	-\$16,725	\$43,993	\$62,442	\$76,389	\$120,386
Year-End Net Balance with Reserves (Applied) and Carryover Amounts (Bank)		\$36,237	-\$73,530	-\$90,255	-\$46,262	\$16,180	\$92,569	\$212,955
EMERGENCY AND CRP RESERVES AVAILABLE (B Notes:				\$20,000	\$25,000	\$25,000	\$60,000	\$100,000

(1) Assumes a 1% increase annually in revenue - subjective and is based on water use for FYs 2021/22 and 2022/23

(2) Not Used

(3) Assume the approved SRGL cost stay the same until new Tri-party amendment is approved w / Annual Increase at approx. 3%/year

(4) Assumes minimal leachate revenue increase per year with addition of new septage receiving facility min.

(5) Assumes that annual pumping cost increase

(6) Cobank loan with a payoff forecasted for FY 26/27

(7) Projected revenue based on applying a flat rate with a water use surcharge

(8) Funds not used to calculate proposed year-end balance for proposed annual rate increase, but needs to be applied for cash flow purposes

(9) This is a nonaudited bank reserve for FY 2021/22 and is just an estimate and supplied by the GCSD staff. Awaiting final results of the 2021/22 Year-End Audit

(10) Starting in FY 2023/24 borrow from CRP and Emergency Fund till FY 2027/28

CPR and Reserves (Accumulative - No Transfers)			\$20,000	\$45,000	\$70,000	\$115,000	\$175,000	Balances
		Budgeted Reserves	\$20,000	\$25,000	\$25,000	\$45,000	\$60,000	\$175,000
		Transfer/Augmentation	\$0	\$20,000	\$25,000	\$10,000	\$20,000	\$75,000
		Balance	\$20,000	\$25,000	\$25,000	\$60,000	\$100,000	\$100,000

O&M Cost Allocation

A volumetric/flow-based approach was used to provide the cost allocation which includes both variable and fixed costs (see **EXHIBIT A2**). The greater volume of wastewater causes overall O and M costs to increase. Furthermore, a flow basis presents the most equitable and straightforward option for the long-term calculations. The organic loadings during the higher winter peak flows are not proportional to the amount of waste flow due to infiltration and inflow. Customer EDU based costs are linked to the total number of wastewater customers amount of infrastructure to maintain, and, to a lesser degree, the waste flow that is generated, regardless of their use of the system.

Typically, facilities with larger quantities of commercial and industrial wastes will require a mass balance that looks at the cost to treat the wastewater, specifically the BOD and the TSS. Rate studies on larger systems would also evaluate the strength of the waste and the impact on the treatment facilities. There are three reasons why this report will not attempt to breakdown operational costs, including cost for organic loadings (TSS and BOD):

1. The current method for disposing of the solids within the GCSO service area is to pump from interceptor tanks that are designed to contain the solids from the service connection. Periodically the GCSO staff will pump out the solids and haul them to a land disposal site, thus considerably limiting both the BOD and TSS concentrations at the WWTP.
2. The CSA 6 service area currently collects raw sewage from residential properties which typically produce lower than normal BOD strength waste. Furthermore, these solids are settled and removed in advance at the CSA 6 primary equalization/treatment pond.
3. Allocating time and cost to the WWTP for operations and maintenance is somewhat subjective, since there are only three operators that operate not only the wastewater treatment plant, but also the collection system, lift stations and STEP/STEG facilities, with at time a significant amount of their time is spent for non-predictive maintenance and repairs at the WWTP.

The GCSO has recently provided MC Engineering, CSA 6, and the SRGL with a O&M allocation for all costs associated with the operation and maintenance of the GCSO collection system (lift stations, mains, and STEP/STEG), with separate costs for the WWTP and Reclamation Facility operations (see **EXHIBITS A and A1**). This allocation is based upon various factors and components including:

- Salaries, benefits, training, and Board of Directors related costs
- Chemicals and Energy
- System repairs and maintenance
- Vehicle maintenance and repair
- General costs and other miscellaneous items

The calculations for the maintenance and manpower costs associated with the operations of the collection system was based both on historic non-predictive O and M and routine maintenance (predictive) O and M costs. The current GCSO budgets do specify the material and emergency cost for the collection system, but the costs associated with the operations of the collection system is co-mingled within the salary and benefits line items for the overall wastewater facilities.

This recently developed cost allocation spreadsheet, prepared by the GCSO staff, identifies all collection system O&M costs that are included within the FY 2020/21 Budget. This collection system expenditure breakdown takes into consideration various operational components. The primary

reason for the cost allocating of operational and maintenance costs was to differentiate the cost to operate the collection system from the cost to operate the WWTP. This is an important consideration since a major revenue component that is currently being evaluated is the cost for services to be applied to the CSA 6 service area, which should only be predicated on those costs associated with the O&M of the WWTP and not the GCSD collection system.

It is important to note that a cost allocation method was also used in the cost for services analysis for the SRGL to treat and dispose of tertiary effluent. The SRGL costs include all costs incurred by GCSD that are associated with the tertiary treatment and disposal. These costs are billed to SRGL (**see EXHIBIT A1**). This method of calculating the costs for service to the golf links includes cost for energy, chemicals, lab fees, pumping, fully burdened manpower w/ benefits, and other costs. The proposed amended Tri-Party Agreement should consider and evaluate this method for billing to the golf links, since all parties, including the GCSD and the CSA 6 are required to treat the sewage to a tertiary level and provide land disposal. The recently adopted Waste Discharge and Recycled Water Permit from the CRWQCB and SWRCB Office of Drinking Water should be referred to for additional details on this issue with respect to expected increases for monitoring and reporting.

This proposed revenue plan and rate evaluation does not include any changes to the SRGL fee/rate for recycled/reclaimed wastewater per the existing Tri-Party Agreement, though it is **highly** recommended that the final amended Tri-Party Agreement include a more equitable cost sharing approach that would have all three parties (GCSD, CSA 6, and SRGL) share in the cost to operate and maintain the disposal facilities associated with the tertiary effluent (recycled/reclaimed) used to irrigate the golf links' course. This disposal of tertiary effluent is mutually beneficial to all parties.

There were two approaches used to calculate the proposed rate increases. The first was to include the current and negotiated rate revisions to the Tri-Party Agreement and the Second is to calculate the GCSD rates without any recommended or significant changes to the Tri-Party Agreement. **Table 3.3-1 and Table 3.3-3** summarize the recommended rate increase to the GCSD and Tri-party customers.

3.3 RECOMMENDATIONS

Recommended Improvements to the Current GCSD Rate and Billing System

The GCSD staff are currently reviewing and making recommendations to their existing rate structure and billing processes. This effort is designed to simplify the current billing system and provide for a more stable source of revenue and to support future capital improvement projects. Equivalent Dwelling Units (EDUs) for each connection will be the platform for each customer class. Converting the commercial customers to the same EDU method and relying to a very limited degree on past water records for monthly and yearly sewer cost is recommended. The water use records are important and will be used to confirm whether the prescribed EDU amount/number is reasonably representative. The EDU calculations and water records should be validated every five years for the commercial establishments. Requests can be made in the future for rate reviews pending the accumulation of sufficient data for select facilities.

In addition to EDU based rates, the existing "special assessment fee" should ultimately be converted to a capital replacement fee.

It is highly recommended that the GCSD prepare a balanced budgeting system that analyzes facility needs, revenues, and costs on a yearly basis while looking for trends to aid in adjusting rates. Other

proactive efforts should include preparing various work orders and planned repairs versus the current unpredictable system for the system-wide operation and maintenance. The anticipated SWRCB grant funding is intended to assist the GCSD in developing a more predictive repair and maintenance approach to its operations versus to current reactionary mode of repairing aging assets. Other very important budgeting strategies are included in the following recommendations:

1. Set-up bank accounts that provide specific allocations to be used for various functions, such as emergency and capital replacement reserves, cash flow reserves (maintenance, utility, and repair). This should include consideration of anticipated County tax payments (tranches), and payroll reserves. This should also include limiting the number of bank accounts in order to effectively track each respective fund.
2. When preparing fiscal year budgets it is important to consider the reserve funds that are remaining and are independent of reserves required for cash flow due to a lengthy period (6-months) between beginning of the fiscal year and when the first County tax payments arrive.
3. Predict the cash flow month-by-month for the first six months of each fiscal year to assure that there is proper amount of cash available for paying expenses and payroll.
4. Simplify the method of generating predictive revenue by eliminating the water surcharge fee charged to single family residences.
5. Calculate the multi-family units (trailers) and other similar classifications designated as commercial and apply a flat rate that is equal to a single-family EDU which is calculated to be approx. 70 -120 gallons/resident/day (refer to **EXHIBIT E** and **EXHIBIT C -Section 1.4.2 of the Engineering Report**) for unit flow estimated calculations.
6. Place **all** commercial users on a monthly billing cycle and eliminate the water usage calculations and develop a single-family equivalent unit for each commercial account that is calculated by dividing the established EDU flow of 70-120 gallons/day per resident into a six-month average of daily flow from all the commercial establishments. Other methods that can be used to establish the number of EDUs for each commercial customer is to use book values (ie.... Metcalf and Eddy - National Wastewater Usage Studies) for various commercial facility types.
 - Use the amount of calculated waste flow per EDU for each customer (70 -120 GPD/EDU) by referring to the Project Engineering- Section 1.4.2, as needed.
 - Calculate the total operational costs per gallon to treat the raw sewage, based on FY 2021/22 or FY 2022/23 budgets and then divide by a five (5) year average of the total waste stream entering the WWTP.
 - Use 70-120 GPD/EDU and multiply by the calculated cost per gallon in order to establish the flat EDU rate. The EDU flow value varies based on permanent and non-permanent residences.
 - **Table 3.3-2** presents the cost per gallon to treat the waste flows based on a five-year average after applying the total cost of operation. This flow-based calculation includes all costs associated with the treatment of the TSS and BOD loadings, which were not broken out as separate cost units. The GCSD has only developed a cost allocation table for the O and M costs associated with the collection system. The treatment costs for the organic loadings at the WWTP can be quite subjective since it is very difficult to establish a cost-allocation for labor at the facility.

7. Re-evaluate the hotel and motel method of billing and use actual flow-based calculations from annual totals or those derived in the summer months (5-month average) to establish the number of EDUs by dividing flows by the calculated 70 -120 gallon/day/EDU. Alternatively, use appropriate book values for each establishment based on the type of business.
8. At the end of each fiscal year quantify all costs and revenues that are specific to the current fiscal year budget and develop a new year balance that includes all costs and expenditures for the wastewater operations and the revenue remaining that is not to be used for the next anticipated County tax payment.
9. Establish an emergency fund account along with a capital replacement account, both of which are not restricted. Good judgement should be used when necessity requires that these fund accounts need to be tapped. This would also require that an operational reserve be established to avoid the unnecessary tapping of the accounts.

Proposed Rate Summary

This proposed rate study evaluates and provides the GCSD with options for establishing a year-end positive final balance. The GCSD currently has an automatic yearly inflationary rate increase of 2%. As shown in **Section 3.2**, the recommended rate adjustment includes the existing 2% annual increase. Projections for future inflationary costs were made based on current inflationary trends. It was also assumed that over the next five years the salary and benefit increases will not exceed 2% annually. The proposed rate schedule is predicated on three (3) very important assumptions and recommendations, with the first recommendation being extremely important since it provides a more equitable method of attaining revenue based on actual "pay for use" method and ultimately takes a significant rate burden off the existing GCSD customers, who under State Water Resources Control Board guidelines is considered a disadvantaged community.

1. Tri-Party Agreement- CSA 6 to pay for its treatment and disposal of raw/primary effluent sewage to the GCSD WWT and Reclamation Facility. (It assumes that cost associated with BOD and TSS are considered equal on an EDU basis). This proposed amendment to the Tri-Party participants is pending.
2. Tri-party Agreement - Sea Ranch Golf Links to pay for its fair share of only the waste treatment components that associated with the tertiary disposal of the recycled (finish) water supplied to the golf links. The existing Tri-Party agreement has the SRGL paying all costs associated with the tertiary treatment and disposal of the total waste flows. It is highly recommended that terms of a new amended Tri-Party agreement require all three participants to pay their share of the tertiary treatment and disposal of the treated waste streams on a pro rata basis (pending).
3. GCSD should establish a new rate schedule that is strictly based on the establishment of equitable equivalent dwelling units (EDUs) without water use calculations, with these EDUs also being applied to the commercial establishments. The staff of the GCSD would be required to prepare an equitable EDU Rate Table that would calculate the commercial EDUS based on historic flow records attained from the NGWC (water usage records). An EDU calculation for the GCSD customers was calculated using FY 2020/21 records and is assumed to be 70-120 GPD per EDU for permanent customers, only.

Shown in **Table 3.3-1** and **Table 3.2-3**, is a rate increase summary table that identifies the recommended rate increase(s) to meet the projected budget predictions and recommendations. The usage surcharge is recalculated using a 5-year annual influent flow average as tabulated by the staff of the GCSO and applied to the cost of operation for FY 2021/22. This increase in usage is applied to the FY 2023/24 budget and is increased annually using the recommended rate increase percentages as shown on **Table 3.3-5** and as applied to the flat rates. This proposed rate increase is only an approximate with ranges varying year to year with GCSO budget adjustments and the completion of the FY 2022/23 Audit.

The cost per gallon to treat the waste flows presented in **Table 3.3-1** and **Table 3.3-3** is based on a past calculated cost that was never updated to reflect true treatment cost per gallon based on updated O and M and yearly waste flow averages. **Table 3.3-5** provides a recommended cost per gallon applying a realistic 5-Year flow average and using the FY 2022 and 2023 O&M budgets. It indicates that the current cost per gallon is not sufficient. It is recommended that GCSO use this recalculated cost per gallon for approval by future ordinance.

Table 3.3-1- "Status-Quo" 2% Rate Increase

Fee Category	Fiscal Year							
	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Flat Rate Sewer Fee	\$802	\$818	\$834	\$851	\$868	\$885	\$903	\$922
Annual Standby (Admin) Fee	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51
Special Assessment	\$278	\$278	\$278	\$278	\$278	\$278	\$278	\$278
County 2% Collection Fee	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22
Yearly Flat Rate per EDU	\$1,153	\$1,169	\$1,185	\$1,202	\$1,219	\$1,236	\$1,254	\$1,273

Table 3.3-2- Cost Per Gallon With 2% Increase Applied (Status Quo - Rate Schedule)

Volumetric- Based Annual Increase Rate	Cost Per Gallon Per Fiscal Year							
	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
\$0.005/Gallon/ Year	-	-	\$0.029	\$0.290	\$0.295	\$0.300	\$0.305	\$0.310
2%/Gallon/Year	-	-	-	\$0.03	\$0.291	\$0.296	\$0.302	\$0.308

Table 3.3-3- Recommended Rate Increase Applied and Starting In FY 2023/24 per Financial Plan Recommendation (Rate Schedule)

Parameter	Fiscal Year							
	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Recommended Rate Increase per Financial Plan	2% (Status -Quo)	2% (Status -Quo)	2% (Status -Quo)	18%	10%	5%	3%	3%
Flat Rate Sewer Fee	\$802	\$818	\$834	\$984	\$1,083	\$1,137	\$1,171	\$1,206
Annual Standby (Admin) Fee	\$51	\$51	\$51	\$51	\$51	\$51	\$51	\$51
Special Assessment	\$278	\$278	\$278	\$278	\$278	\$278	\$278	\$278
County 2% Collection Fee	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22
Yearly Flat Rate per EDU	\$1,153	\$1,169	\$1,185	\$1,335	\$1,434	\$1,488	\$1,522	\$1,557

Table 3.3-4- Cost Per Gallon With Recalculated Rate Increase Starting In FY 2023/24 (Rate Schedule)

Parameter	Fiscal Year							
	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28
Recommended Rate Increase @ 2%/Yr. per Gallon per Financial Plan Recommendations	2% (Statu s- Quo)	2% (Statu s- Quo)	2% (Statu s- Quo)	18%	10%	5%	3%	3%
Cost Per Gallon (\$0.0005/ gal/ yr) Rate Increase)	-	-	\$0.028 5	\$0.033 6	\$0.037 0	\$0.038 8	\$0.040 0	\$0.041 2

Table 3.3-5- Recalculated Cost per Gallon Based on 5-year Average of Total Waste Flow w/ FY 2022/23 O&M Costs Applied

Parameter	Fiscal Year						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Estimated Average Influent Flow (1)	-	22,803,774	22,803,774	22,803,774	22,803,774	22,803,774	22,803,774
Total Operating Costs	-	\$803,949	\$848,774	\$879,594	\$952,519	\$1,003,437	\$1,050,173
Cost Per Gallon	-	\$0.0353	\$0.0372	\$0.0386	\$0.0418	\$0.0440	\$0.0461
Less Tertiary Component (SRGL)	-	\$84,015	\$84,015	\$84,015	\$84,015	\$84,015	\$84,015
Revised Operating Costs (Less SRGL)	-	\$719,934	\$764,759	\$795,579	\$868,504	\$919,422	\$966,158
Cost Per Gallon (Net)	-	\$0.0316	\$0.0335	\$0.0349	\$0.0381	\$0.0403	\$0.0424

EXHIBIT A
CSA 6 GENERAL COST CALCULATION SPREADSHEET

Link to Spreadsheet:

<https://docs.google.com/spreadsheets/d/1Staq7s-blj1ZbpbUosh9lyUEKv2N9h14/edit?usp=sharing&ouid=118321814173206910395&rtpof=true&sd=true>

EXHIBIT A1
SRGL FY 2021-22 COST ALLOCATION

Tertiary Treatment Cost Analysis 2021-2022

Cost Components	Measurement	Amount	Cost	Daily	Weekly	Monthly	Quarterly	Bi-Annual	Annual	Total						
				Daily												
Daily Filter Maintenance	Hrs	0.25	\$55.04	\$13.76					\$5,022.40			Hourly Rate Burdened	Annual Hrs Worked (2080 Hrs)	Effective Rate (1720 Hrs)	Hourly Rate to Use	
Filter Power 34.3 KWh	Kwh	39.2	\$0.45	\$17.64					\$6,438.60			\$72.51	2080	\$85.06	\$85.06	\$55.04
CL2 Pump Power 26.4 KWh	Kwh	28.7	\$0.45	\$12.92					\$4,713.98			\$54.11	2080	\$63.48	\$63.48	
CL2 Meters	Hrs	0.33	\$55.04	\$18.16					\$6,629.57			30.91	2080	\$36.26	36.81	
Brine Salt Added	Bags/Day	1	\$5.89	\$5.89					\$2,149.85			29.25	2080	\$34.31	34.81	
Preparing Reports	Hrs	0.25	\$55.04	\$13.76					\$5,022.40			33.89	2080	\$39.76	\$39.76	
			Sub-total	\$82.13						\$29,976.79		For Effective Rate Calculation				
					Weekly											
Transfer Salt from Storage to CL2	Hrs	2	\$55.04		\$110.08				\$5,724.16							
Sample Prep	Hrs	1	\$55.04		\$55.04				\$2,862.08							
Bus Fair	Amt	10	\$2.50		\$25.00				\$1,300.00							
Lab Testing	Amt	1	\$250.00		\$250.00				\$13,000.00							
Lab Supplies	Amt	1	\$25.00		\$25.00				\$1,300.00							
			Sub-total		\$465.12					\$24,186.24						
						Monthly										
Emergency Call-outs	Hrs	2	\$55.04			\$110.08			\$1,320.96							
CL2 Monthly Meter Maintenance	Hrs	4	\$55.04			\$220.16			\$2,641.92							
CL2 Analyzer Reagent	Ea	2	\$62.76			\$125.52			\$1,506.24							
Administration time: Billing, etc	Hrs	2	\$39.76			\$79.52			\$954.24							
CPO State Report Preparation	Hrs	1	\$55.04			\$55.04			\$660.48							
					Sub-total	\$590.32				\$5,762.88						
							Quarterly									
CL2 Quaterly Maintenance	Hrs	2	\$55.04			\$110.08			\$440.32							
R&R CL2 Sampler Maintenance	Ea	2	\$247.00			\$494.00			\$1,976.00							
Turbidity Calibration Standard	Ea	2	\$200.00			\$400.00			\$1,600.00							
Quarterly Filter Maintenance	Hrs	12	\$55.04			\$660.48			\$2,641.92							
					Sub-total	\$1,060.48				\$6,658.24						
								Bi-Annual								
Bi-Annual Filter Maintenance	Hrs	2	\$55.04					\$110.08	\$220.16							
								Sub-total	\$110.08							
										Annual						
Annual Filter Maintenance	Hrs	4	\$55.04						\$220.16							
Grade III License:	Amt	1	\$150.00						\$150.00							
								Sub-total	370.16							
										\$370.16						
																\$67,174.47

EXHIBIT A2
CSA 6 TREATMENT COST CALCULATION

Link to Spreadsheet:

https://docs.google.com/spreadsheets/d/1B7ggVrVjokRHwMSAjZCKNfoLaTgO_eJF/edit?usp=sharing&ouid=118321814173206910395&rtpof=true&sd=true

EXHIBIT B
AUDIT REPORT FY 2020-2021

GUALALA COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

GUALALA COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Net Position	3
Statement of Activities And Changes in Net Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	8

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Board of Directors
Gualala Community Services District
Gualala, CA 95445

Independent Auditor's Report

I have audited the accompanying financial statements of the business-type activities of Gualala Community Services District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion

Management has not adopted GASB Statement 68 "Accounting and Financial Reporting of Pension Plans." and amendments to GASB 68". Accounting principles generally accepted in the United States of America require that Deferred Inflows/Outflows and Adjusted Pension Expense be recorded currently which would increase the assets and liabilities and change the pension expense. The effect on Deferred Inflows/Outflows and payroll and employee benefits expenses has not been determined. See Footnote 9 for more detail.

Qualified Opinion

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Gualala Community Services District as of June 30, 2021 and 2020 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United State has determined is necessary to supplement, although not required to be part of the basic financial statements.



Michael A Celentano
Certified Public Accountant

January 10, 2022

GUALALA COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash in bank - Note 2	\$ 224,466	\$ 309,952
Accounts receivable - net	55,577	50,547
Grant receivable	204,008	46,905
Prepaid expenses	-	6,559
Current portion of special assessments receivable - Note 4	<u>47,932</u>	<u>46,512</u>
 Total Current Assets	 531,983	 460,475
<u>Non Current Assets</u>		
Restricted		
Cash in banks - Note 3	99,693	202,769
Cash in county treasury - Note 3	135,907	139,767
Special assessments receivable - long-term portion - Note 4	<u>482,568</u>	<u>533,111</u>
 Total Non Current Assets	 718,168	 875,647
 <u>Capital Assets - Note 5</u>	 <u>4,351,472</u>	 <u>4,614,800</u>
 Total Assets	 <u>\$ 5,601,623</u>	 <u>\$ 5,950,922</u>

GUALALA COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021 AND 2020

<u>LIABILITIES</u>	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 144,335	\$ 64,924
Accrued payroll and payroll liabilities	9,483	10,377
Accrued vacation	16,254	10,738
Interest payable	8,289	8,052
Current portion of long term liabilities	<u>105,935</u>	<u>98,500</u>
 Total Current Liabilities	 284,296	 192,591
 <u>Long Term Liabilities</u>		
Net Pension Liability	164,904	155,407
Special assessment bonds payable - Note 6	425,000	455,000
CoBank Loan Payable - Note 7	408,194	476,132
Less current portion shown above	<u>(105,935)</u>	<u>(98,500)</u>
 Total Long Term Liabilities	 <u>892,163</u>	 <u>988,039</u>
 Total Liabilities	 <u>\$ 1,176,459</u>	 <u>\$ 1,180,630</u>
 <u>Net Position</u>		
Investment in capital assets	3,518,278	3,683,668
Restricted for debt service	135,907	139,767
Restricted for equipment replacement	99,693	202,769
Unrestricted	<u>671,286</u>	<u>744,088</u>
 Total Net Position	 <u>\$ 4,425,164</u>	 <u>\$ 4,770,292</u>

The accompanying notes are an integral part of these statements

GUALALA COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Operating Revenues</u>		
Charges for services	\$ 532,825	\$ 564,007
Other operating income	<u>188,732</u>	<u>198,376</u>
 Total Operating Revenue	 721,557	 762,383
<u>Operating Expenses</u>		
Salaries	294,725	257,920
Employee benefits	109,171	101,711
Collection system	47,751	61,275
Treatment plant	132,482	151,455
Utilities	43,224	50,957
Vehicle expense	10,794	15,425
Legal and other professional services	31,520	47,680
Office expense	2,878	2,460
Insurance	22,723	16,954
Other administrative expenses	28,455	25,091
Depreciation	<u>263,328</u>	<u>269,672</u>
 Total Operating Expenses	 <u>987,051</u>	 <u>1,000,600</u>
 Operating Income (Loss)	 (265,494)	 (238,217)
<u>Non-Operating Revenues (Expenses)</u>		
Interest income - bank and county treasury	1,031	3,164
Grant income	327,340	142,723
Grant expense	(345,596)	(89,863)
Gain/(Loss) on sale of capital assets	-	-
PERS actuarial assumption changes	(23,862)	(20,192)
Interest expense	<u>(38,547)</u>	<u>(41,488)</u>
 Total Non-Operating Revenues (Expenses)	 <u>(79,634)</u>	 <u>(5,656)</u>
 Net Income (Loss)	 (345,128)	 (243,873)
 <u>Net Position, Beginning of Year</u>	 <u>4,770,292</u>	 <u>5,014,165</u>
 <u>Net Position, Ending of Year</u>	 <u>\$ 4,425,164</u>	 <u>\$ 4,770,292</u>

The accompanying notes are an integral part of these statements

GUALALA COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 716,527	\$ 771,822
Payments to suppliers for goods and services	(390,960)	(475,136)
Payments to employees and related items	<u>(399,274)</u>	<u>(360,439)</u>
Net Cash Provided by Operating Activities	(73,707)	(63,753)
<u>Cash Flows From Capital and Related Financing Activities</u>		
Proceeds from special assessments	49,123	98,006
Acquisition of capital assets	-	(98,572)
(Increase) decrease in restricted cash - County Treasury	3,860	(43,578)
Principal payments on the bond	(30,000)	(30,000)
Principal payments on the loan	(67,938)	(66,097)
Interest paid	<u>(38,310)</u>	<u>(42,052)</u>
Net Cash Flows (Used) by Capital and Related Financing Activities	(83,265)	(182,293)
<u>Cash Flows From Investing Activities</u>		
Interest income	1,031	3,164
Grant income (expense)	(18,256)	52,860
Payment of unfunded pension liability	<u>(14,365)</u>	<u>(13,003)</u>
Net Cash Flows Provided by Investing Activities	<u>(31,590)</u>	<u>43,021</u>
Net Change in Cash and Cash Equivalents	<u>(188,562)</u>	<u>(203,025)</u>
Cash and Cash Equivalents, Beginning of Year	<u>512,721</u>	<u>715,746</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 324,159</u>	<u>\$ 512,721</u>
<u>Supplemental Disclosures:</u>		
Interest Paid During the Year	<u>\$ 38,310</u>	<u>\$ 42,052</u>

The accompanying notes are an integral part of these statements

GUALALA COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Reconciliation of Operating Income (Loss)</u>		
<u>to Net Cash Provided by Operating Activities</u>		
Operating income (loss)	\$ (265,494)	\$ (238,217)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	263,328	269,672
(Increase) decrease in current assets:		
Accounts receivable	(5,030)	9,439
Grant receivable	(157,103)	(46,905)
Prepaid expenses	6,559	(6,559)
Increase (decrease) in current liabilities		
Accounts payable	79,411	(50,375)
Accrued payroll and payroll liabilities	<u>4,622</u>	<u>(808)</u>
 Net Cash Provided by Operating Activities	 <u>\$ (73,707)</u>	 <u>\$ (63,753)</u>

GUALALA COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Gualala Community Services District is an entity which consists of the District as the primary government. Status as a primary government is determined by such criteria as financial interdependency, legal separation, and type of governing authority.

The Gualala Community Services District was organized on August 5, 1986, by resolution of the Board of Supervisors of Mendocino County. The District is governed by five directors, all registered voters of Mendocino County. The District is not included in any other governmental reporting entity since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District was organized for the purpose of providing the services of collection, treatment or disposal of sewage and waste of the District and of its inhabitants, in accordance with Government Code Section 61600(b). The District began operating the treatment plant in October, 1992 and is limited to providing sewage collection, treatment and disposal services to the geographic area located in the immediate vicinity of Gualala, California.

Accounting Policies

The District's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments.

The following is a summary of the more significant policies:

Basis of Presentation

The Statement of Net Position and Statement of Activities display information about the reporting District as a whole.

The District is comprised of only one fund, the Enterprise Fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position.

Basis of Accounting

The District Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budget

The annual budget is prepared in accordance with the basis of accounting utilized by the District. The budget is amended from time-to-time as the need arises and is approved by the Board of Directors. The budget is not legally required and therefore budget to actual information has not been presented.

Deposits and Investments

It is the District's policy for deposits and investments to either be insured by the FDIC or collateralized. The District's deposits and investments are categorized to give an indication of the level of risk assumed by the District as of June 30, 2021 and 2020. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.
- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.
- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and investments as of June 30, 2021 and 2020 consisted of Category 1 type only.

Receivables

Bad debts associated with accounts receivable for services are provided for by use of the direct write off method. Other receivables, if any, are shown at the anticipated recoverable amount, unless otherwise noted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or estimated cost if actual cost is not available. Donated assets are valued at their fair market value on the date donated. Assets with a value of \$1,000 or less are expensed in the year acquired.

Depreciation of plant, property and equipment is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method of accounting. The range of estimated useful lives is as follows:

Treatment plant	5-75 years
General plant assets	5-40 years

Assessments

The County of Mendocino and not the District is responsible for collection of the assessments. The District recognizes assessments when received from or collected by the county.

Proprietary Fund Financial Statements

The District has a sole fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, A Statement of Activities and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Activities and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Note 2 - Cash

As of June 30, 2021 and 2020 cash consisted as follows:

	<u>2021</u>	<u>2020</u>
Cash		
General operations	\$130,447	\$166,968
Money market/Savings accounts	<u>94,019</u>	<u>142,984</u>
	<u>\$224,466</u>	<u>\$309,952</u>

As of June 30, 2020, the District's deposits with financial institutions were \$38,577 in excess of federal depository insurance limits. The deposits approximate fair market value and are considered for purposes of the Statement of Cash Flows as cash and cash equivalents. The deposits approximate fair market value.

Note 3 - Cash – Restricted

As of June 30, 2021 and 2020 cash of restricted assets consisted as follows:

	<u>2021</u>	<u>2020</u>
Cash in banks		
Money market/Savings accounts	<u>\$ 99,693</u>	<u>\$202,769</u>
	<u>\$ 99,693</u>	<u>\$202,769</u>
Cash in county treasury		
Bond reserve fund	<u>\$ 135,907</u>	<u>\$139,767</u>
	<u>\$ 135,907</u>	<u>\$139,767</u>

All above deposits are either insured or collateralized and are considered for purposes of the Statement of Cash Flows as cash and cash equivalents, except for the cash and county treasury. The deposits approximate fair market value.

Note 4 - Special Assessments Receivable

As discussed in Note 6, the District issued special assessment debt to facilitate the construction of a sewage plant for the District. The debt is being paid back by the land owners that benefit from the treatment plant within the District in accordance with their individual share of the debt. The bonds are collateralized by a lien on the property located within the District and annual assessments of principal, interest and collection costs are made. The amount of the assessment has been recorded as a receivable and is reduced by principal payments made by the property owners to the District. Property owners can pay the full amount of the lien before the scheduled due date. The amount that is due within one year from the balance sheet date is shown as a current asset.

Note 5 - Property, Plant and Equipment

The following is a summary of the changes in property, plant and equipment for the fiscal year:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/21</u>
Land and land improvements	\$ 481,300	\$	\$	\$ 481,300
Treatment plant, structures and improvements	10,884,185			10,884,185
Buildings	94,556			94,556
Equipment and vehicles	573,540			573,540
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cost	12,033,581	0	0	12,033,581
Less accumulated depreciation	<u>(7,418,781)</u>	<u>(263,328)</u>	<u>0</u>	<u>(7,418,781)</u>
Net Book Value	<u>\$ 4,614,800</u>	<u>\$ (263,328)</u>	<u>\$ 0</u>	<u>\$ 4,351,472</u>

Depreciation expense of \$263,328 and \$269,672 were recorded as operating expense for the years ended June 30, 2021 and 2020, respectively.

Note 6 - Special Assessment Bonds Payable

The District issued special assessment debt to help finance the acquisition and construction costs of the land, structures, water treatment plant, and equipment. The bonds are issued upon and are secured by paid and unpaid assessments lawfully levied pursuant to the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). The bonds are described as: Gualala Community Services District Sewer System Assessment District 1987-1; originally issued on March 12, 1991 for \$973,118.18; maturing in various amounts on September 2; bearing interest rate of 5% per annum with interest paid semi-annually on March 2 and September 2 each year; principal payments are scheduled to be paid annually in various amounts on September 2 each year. The bonds are subject to redemption on any March 2 or September 2 in advance of maturity date upon thirty days prior notice and upon payment of accrued interest and principal plus a redemption premium of three percent (3.0%) of the principal amount redeemed.

Required with the bond issuance was the establishment of a Bond Reserve Fund in case the District became delinquent on its bond payments. The funds are maintained in the County treasury and are restricted for that use only. The County of Mendocino has no other payment obligation for these bonds except to advance funds from the reserve fund to the bond redemption fund as needed.

Future minimum principal and interest payments are as follows:

Year ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 35,000	\$ 20,375
2023	35,000	18,625
2024	35,000	16,875
2025	40,000	15,000
2026	40,000	13,000
2027-2031	<u>240,000</u>	<u>30,750</u>
	425,000	<u>\$114,625</u>
Less current portion	<u>35,000</u>	
	<u>\$390,000</u>	

Interest expense of \$22,000 and \$23,500 was incurred and was recorded as a non-operating expense for the years ended June 30, 2021 and 2020 respectively.

Note 7 - CoBank Loan Payable

The District borrowed \$700,000 to fund improvements on November 17, 2016. Terms of the loan include variable monthly payments which was \$ 7,166.28 in June 2017 which included an annual interest rate of 3.51% which varies based with the LIBOR Index Rate and is fully amortized on December 20, 2026. Security for the loan is pledged revenues.

Future minimum principal and interest payments are as follows:

Year ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 70,935	\$ 13,194
2023	73,466	10,663
2024	76,086	8,043
2025	78,800	5,329
2026	81,611	2,518
2027	<u>28,296</u>	<u>199</u>
	408,194	<u>\$ 39,946</u>
Less current portion	<u>70,935</u>	
	<u>\$337,259</u>	

Interest expense of \$16,211 and \$17,835 was incurred and was recorded as a non-operating expense for the years ended June 30, 2021 and 2020 respectively.

Note 8 - Changes in Long Term Debt

The following is a summary of long term debt for the year ended June 30, 2021:

Type of Debt	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Due within one year
Special Assessment					
Bond	\$ 455,000	\$ 0	\$ 30,000	\$ 425,000	\$ 35,000
CoBank Loan	<u>476,132</u>	<u>0</u>	<u>67,938</u>	<u>408,194</u>	<u>70,935</u>
	<u>\$ 931,132</u>	<u>\$ 0</u>	<u>\$ 97,938</u>	<u>\$ 833,194</u>	<u>\$ 105,935</u>

Note 9 - Defined Benefit Pension Plan (Unaudited)

Effective January 1, 1997, the District entered into the Public Employees Retirement System (PERS). Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California. Employees are members of the Public Employees' Retirement System.

Plan Description: The District contributes to the PERS, an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and district ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 6.918% for classic plan and 6.75% for PRPRA of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate for June 30, 2021 was 8.794% for non-safety employees and 7.732% for PEPR of annual covered payroll plus an employer payment of \$14,365 for unfunded liability. The rate for June 30, 2022 will be 8.65% for the classic plan and 7.59% for PEPR plus an employer payment of \$ 14,485 for non-safety employees and \$223 for PEPR for unfunded liability. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost: For June 30, 2021 the District's annual pension cost of \$21,172 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2019 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate return of (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2.75% per year cost-of-living adjustments. Both (a) and (b) included an

inflation component of 2.50%. The actuarial value of PERS assets was determined by an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period. The required and actual contribution rate for June 30, 2021 was determined as part of the June 30, 2019 actuarial valuation in which PERS using the same assumptions as the previous year

Three-Year Trend Information For PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/19	12,458	100%	0
6/30/20	23,617	100%	0
6/30/21	21,172	100%	0

The table below shows a three-year analysis of the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll as of June 30:

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Shared Mkt Value/Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
Classic					
6/30/18	730,934	576,948	153,986	78.9%	174,570
6/30/19	784,671	617,680	166,991	78.7%	149,313
6/30/20	520,388	343,461	176,927	66.0%	91,270
PEPRA					
6/30/18	11,805	10,934	871	92.6%	46,762
6/30/19	22,343	20,924	1,419	93.6%	89,424
6/30/20	39,575	37,233	2,342	94.1%	123,692

Note 10 - Joint Power Agreement

The District participates in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA) for insurances purposes. The SDRMA is a joint powers agency formed pursuant to Section 6500 et. seq., California Government Code, is comprised of California special districts, and agencies including such districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The SDRMA's purpose is to jointly fund and develop programs to provide stable, efficient and long term risk financing for special districts. These programs are provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof.

Note 11 - Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred through January 11, 2022 that meet the above definition.

EXHIBIT C
SWRCB GRANT-FUNDED WASTEWATER PROJECT ENGINEERING
REPORT

Link to Spreadsheet:

<https://drive.google.com/file/d/1tNlCLrjaLGjO47ySlxU2JkmN-3TBXv-/view?usp=sharing>

EXHIBIT D
**PRELIMINARY ASSET LIST FOR WWTP, COLLECTION SYSTEM
(STEP/STEG), AND LIFT STATIONS**

Link to Spreadsheet:

https://docs.google.com/spreadsheets/d/1_K3IQE-kk_mjgqpo2AM0IPbShg7lk4Y7/edit?usp=sharing&oid=118321814173206910395&rtpof=true&sd=true

EXHIBIT E
BILLING CALCULATION SPREADSHEET FOR COLLECTION AND
WWTP O&M

Link to Spreadsheet:

<https://docs.google.com/spreadsheets/d/1wL6UrkyiYvRzpZOczUQHGZetz3Wwuef/edit?usp=sharing&ouid=118321814173206910395&rtpof=true&sd=true>

EXHIBIT F
PRELIMINARY UN-AUDITED GCSD FY 2021-22 BALANCE SHEET

GCS D
Balance Sheet
As of June 30, 2022

	Jun 30, 22
ASSETS	
Current Assets	
Checking/Savings	
1000 · Bank Accounts	
1010 · Luther Burbank Savings	
1011 · O&M Checking / R&M Reserve 3252	18,304.43
1014 · Reserve LBS 3762	20,077.02
1016 · Reserve LBS 2626	161,938.09
1018 · Reserve LBS-MM 1600	8,982.17
Total 1010 · Luther Burbank Savings	209,301.71
1020 · West America	
1027 · Reserve Westamerica-MM	4,280.18
204-052 · West America Payroll	23,052.21
Total 1020 · West America	27,332.39
1040 · Redwood Credit Union	
1041 · S0001 RCU Share Account	507.58
1042 · S0022 RCU Reserve	44,714.12
1044 · S0010 RCU Checking	6,164.35
1045 · S0021 RCU Reserve C	67,022.68
Total 1040 · Redwood Credit Union	118,408.73
1095 · Cash - Mendocino County	135,906.73
Total 1000 · Bank Accounts	490,949.56
1093 · Cash on Hand	316.00
Total Checking/Savings	491,265.56
Accounts Receivable	
1105 · Accounts Receivable	
1100 · Sewer Fees Receivable	16,523.67
1115 · Sewer Fees Receivable - County	55,800.49
1120 · Sea Ranch Golf Links Receivable	525.00
1125 · Accounts Receivable - Other	9,523.26
Total 1105 · Accounts Receivable	82,372.42
1140 · Grant Receivable	95,354.56
Total Accounts Receivable	177,726.98
Other Current Assets	
1310 · Prepaid expenses	
1801 · Prepaid Liability Insurance	0.03
1802 · Prepaid Workers Comp Insurance	0.05
Total 1310 · Prepaid expenses	0.08
1315 · Undeposited Funds	7,739.07
1320 · Special Assessments/R	47,931.72
Total Other Current Assets	55,670.87
Total Current Assets	724,663.41
Fixed Assets	
1700 · Equipment	603,218.55
1705 · Land and Land Improvements	481,299.57
1715 · Waste Collection & Treat System	10,783,335.23
1725 · Construction in progress	71,171.55
1735 · Building	94,555.83
1800 · Accumulated Depreciation	-7,939,611.40
Total Fixed Assets	4,093,969.33

GCS D
Balance Sheet
As of June 30, 2022

	Jun 30, 22
Other Assets	
1905 · Special Assessment/R Long Term	482,568.23
Total Other Assets	482,568.23
TOTAL ASSETS	5,301,200.97
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts payable	164,648.78
Total Accounts Payable	164,648.78
Credit Cards	
2008 · RCU Credit card	3,776.59
Total Credit Cards	3,776.59
Other Current Liabilities	
2220 · Interest Payable	8,288.80
2400 · Current Payroll Liabilities	
2440 · PERS Payable	7,403.67
2516 · Employee Life Insurance	190.58
2517 · Supplemental life ins SDRMA	445.50
Total 2400 · Current Payroll Liabilities	8,039.75
2525 · Current Portion LT Debt	105,935.00
Total Other Current Liabilities	122,263.55
Total Current Liabilities	290,688.92
Long Term Liabilities	
2702 · CoBank Loan 12-9-16	332,488.67
2740 · Net Pension Liability Classic	163,737.00
2750 · Net Pension Liability PEPR A	1,167.00
2810 · Special Assessment Bond Payable	425,000.00
2815 · Less Current Portion LT Debt	-105,935.00
Total Long Term Liabilities	816,457.67
Total Liabilities	1,107,146.59
Equity	
3001 · Opening Bal Equity	7,806,352.52
3005 · NonCash Depreciation Inc Offset	-257,502.36
3010 · Retained Earnings	-3,381,033.40
Net Income	26,237.62
Total Equity	4,194,054.38
TOTAL LIABILITIES & EQUITY	5,301,200.97

GCS D
Profit & Loss
July 2021 through June 2022

	Jul '21 - Jun 22
Ordinary Income/Expense	
Income	
4000 · Sewer Fee Income	
4001 · Sewer Fees - (Mthly Commercial)	176,745.07
4004 · Sewer Fee Income Tax Roll Mendo	351,221.96
Total 4000 · Sewer Fee Income	527,967.03
4011 · Golf Course Water Sales	62,295.77
4017 · Sample Testing	200.00
4019 · Water Processing CSA6N	124,224.89
4020 · Leachate Treetreatment	7,215.00
4069 · Pumping Services	5,237.84
Total Income	727,140.53
Gross Profit	727,140.53
Expense	
5000 · Plant & Operations	
5100 · Collection System	
5101 · Business Travel-Collections	195.20
5105 · Collection System - Materials	5,093.25
5110 · Collection System - R & M	15,981.21
5115 · Lift Station R & M	
51152 · Lift Station 2	11,624.69
Total 5115 · Lift Station R & M	11,624.69
5120 · Solids Dumping	19,880.00
Total 5100 · Collection System	52,774.35
5300 · Treatment Plant	
1 · Sales Tax Paid	124.26
5305 · Chemicals & Nutrients	
53052 · Chlorine	5,346.13
53054 · Coagulant	10,486.28
53056 · Nutrients	1,870.32
53057 · Salt	1,687.99
Total 5305 · Chemicals & Nutrients	19,390.72
5308 · County Trash Fees (Dump Runs)	402.25
5316 · Expendable Plant Equipment 3 yr	1,544.44
5317 · Freight & Shipping	6,172.60
5322 · Meter Calibration	1,800.00
5325 · Operating Supplies Plant	6,130.20
5326 · Uniform Service	3,371.83
5330 · Outside Lab Testing	12,098.85
5331 · Laboratory Supplies	2,446.72
5334 · Lab Shipping	144.00
5339 · Misc. expenses	500.00
5340 · Plant R & M	22,498.21
5345 · Safety Equipment	3,658.08
5352 · Training - Operations	4,693.97
5353 · Dues and Subscriptions	3,186.00
5360 · Permits/Fees/Licenses	24,522.63
5365 · Engineering Fees	27,824.47
5370 · Drinking/Wash Water	601.36
5375 · Internet and Website	5,033.91
5416 · Depreciation & Amortization exp	257,502.36
5425 · Robinson Reef Antenna Reimburse	120.00
5430 · Business Travel - Operations	1,303.49
5435 · Liability Insurance	22,645.56
Total 5300 · Treatment Plant	427,715.91
5500 · Vehicle	

GCS D
Profit & Loss
 July 2021 through June 2022

	Jul '21 - Jun 22
5505 · Fuel & Gas	
55052 · Gas	7,813.36
55054 · Diesel	2,620.39
	10,433.75
Total 5505 · Fuel & Gas	10,433.75
5510 · Vehicle Expense & Repairs	
5511 · Backhoe expenses	363.32
5512 · GMC	1,467.74
5514 · Toyota 2011	131.51
5518 · Septic Truck	1,198.92
5510 · Vehicle Expense & Repairs - Other	1,191.20
	4,352.69
Total 5510 · Vehicle Expense & Repairs	4,352.69
5519 · Vehicle Quarterly Inspection	450.00
5520 · Lift Station Generators	2,398.62
	17,635.06
Total 5500 · Vehicle	17,635.06
5700 · Utilities - Electricity/Propane	
5701 · Utilities - Electric - LS#1	624.97
5702 · Utilities - Electric - LS#2	946.81
5703 · Utilities - Electric - LS#3	747.46
5704 · Utilities - Electric - LS#4	8,658.91
5706 · Utilities - Electric - T Plant	3,077.34
5707 · Utilities - Office Propane Tank	739.64
	14,795.13
Total 5700 · Utilities - Electricity/Propane	14,795.13
5900 · Major Equipment Replacement	
5901 · Lift Station 2 Control Panel	61,861.82
5902 · SCADA System upgrade	2,015.00
5903 · Chlorine Generator	15,028.50
5900 · Major Equipment Replacement - Other	11,825.67
	90,730.99
Total 5900 · Major Equipment Replacement	90,730.99
Total 5000 · Plant & Operations	603,651.44
5332 · Lab Equipment	32.76
5333 · Lab Accreditation	-1,510.00
6000 · Admin/Overhead Expenses	
6015 · Bank Fees/Finance Charges	261.69
6028 · Computer Repair & Supplies	112.67
6029 · Expendable equipment	1,611.84
6031 · Temporary Help	360.00
6032 · LAFCO Fees	2,361.41
6033 · County Tax Collection Fee	12,376.00
6046 · Committee Meetings	155.37
6050 · Office Offsite	
6060 · Office Phone and Fax	0.00
	0.00
Total 6050 · Office Offsite	0.00
6064 · Software subscriptions	2,668.80
6068 · Office Supplies	2,703.09
6069 · Phones	2,286.90
6070 · Postage/Shipping/Freight	740.51
6075 · Printing and Copying	209.82
6076 · Property Taxes	84.94
6085 · Board of Directors	
60851 · Board Member Stipend	1,700.00
60853 · Board Meetings	324.24
	2,024.24
Total 6085 · Board of Directors	2,024.24
6200 · Contract Services	
6210 · Audit	9,500.00
6215 · Contract Services- Accountant	450.00

GCS D
Profit & Loss
July 2021 through June 2022

	Jul '21 - Jun 22
6220 · Legal Expenses	17,970.00
Total 6200 · Contract Services	27,920.00
Total 6000 · Admin/Overhead Expenses	55,877.28
6100 · Payroll	
6090 · Payroll Benefits	
6091 · Retirement Plan Admin Fees	400.00
6092 · Yearly Drug Testing	196.00
6093 · Benefits - Employee Retirement	43,577.24
6094 · Benefits - Employee Health Ins	66,948.65
6095 · Workers Comp Insurance	21,110.11
6096 · AirMed Helicopter Membership	1,194.00
6097 · Employee Life Insurance	779.02
6098 · Employee shots, tests and exams	280.00
6090 · Payroll Benefits - Other	-1,121.21
Total 6090 · Payroll Benefits	133,363.81
6145 · Direct Deposit Charge	110.00
6160 · Payroll Tax Expense	
6162 · Medicare Tax Expense	4,355.75
6163 · Social Security Tax Expense	2,588.39
6164 · SUI Tax Expense	840.00
6165 · CA Training Tax Expense	35.00
6167 · FUTA tax	84.00
Total 6160 · Payroll Tax Expense	7,903.14
6191 · Payroll Adjustments Audit	-18,389.34
6300 · Wages and Salaries	
6301 · General Manager	102,979.92
6303 · Lab Director MB Wages	74,068.76
6305 · OIT RP wages	2,734.56
6306 · Administrative Time	4,038.40
6307 · Finance Director Salary	16,598.42
6315 · Administrative Assistant	23,424.82
6316 · OIT LN wages	27,199.21
6317 · Comp Time Annual Payout	182.20
6320 · On Call Pay	16,380.00
6329 · Operator 1 RP Wages	41,546.74
6329b · Opr 1 LN Wages	9,051.86
6330 · Overtime	1,859.04
Total 6300 · Wages and Salaries	320,063.93
Total 6100 · Payroll	443,051.54
Total Expense	1,101,103.02
Net Ordinary Income	-373,962.49
Other Income/Expense	
Other Income	
4050 · Federal Funds Received	38,795.52
4051 · State Funds Received	6,070.00
4101 · Interest Income - Banks	645.77
4103 · State CV19 Relief Award	150,683.00
4132 · RCU American Funds Interest	0.55
4133 · RCU credit card Rewards	900.00
4150 · SWRCB Grant	
4151 · SWRCB Grant Income	66,405.00
4152 · SWRCB Grant expense	-103,807.31
4154 · Grant application costs	-2,007.50
Total 4150 · SWRCB Grant	-39,409.81

GCS D
Profit & Loss
July 2021 through June 2022

	Jul '21 - Jun 22
6820 · NonCash Income for Depreciation	257,502.36
Total Other Income	415,187.39
Other Expense	
6035 · Interest - Loans	14,529.68
6038 · Interest Expense & Finance Char	457.60
Total Other Expense	14,987.28
Net Other Income	400,200.11
Net Income	26,237.62