



City of San Bruno



2023 Water & Sewer Rate Studies

Background & Preliminary Findings



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



City of San Bruno

Water & Sewer Rate Studies

Background & Preliminary Findings

Water & Sewer Rates

- The City's water and sewer utilities are self-supporting enterprises that rely predominantly on revenues from water and sewer rates to fund the costs of providing service.
- The City has provided good financial stewardship via adoption of gradual annual water and sewer rate increases most years for the past 15 years. These increases have put the water and sewer enterprises on a much stronger financial footing, helped keep rates aligned with the costs of providing service and supported a significant increase in funding for capital improvement needs.
- The City last conducted water and sewer rate studies in 2017 leading to adoption of 5 years of 5% annual water and sewer rate increases effective July 1, 2017 through 2021. However, the City cancelled the final 5% water and sewer rate increases that had been scheduled to become effective July 1, 2021 and has subsequently been able to defer raising rates. Current rates have been in effect since July 1, 2020.
- San Bruno's water and sewer rates are both currently in the middle range compared to other regional agencies in San Mateo County. The City's combined water and sewer charges for a typical single family home were the median, with half of other agencies either higher or lower than San Bruno, based on a survey of 19 regional agencies.
- The City bill's customers via a combined bi-monthly bill that includes water rates, sewer rates, and garbage rates. This results in a single large bill that customers pay once every two months. The City has received some customer complaints that its utility bills seem high compared to other agencies, but this may largely be due to the City's billing practices compared to a number of other regional agencies that only bill for some utility services (e.g. only water or sewer service), bill customers every month, and/or collect sewer charges on the property tax rolls.

Capital & Operating Funding Needs

- While the City has completed a significant amount of capital improvements over the past 5 years, some projects were temporarily delayed due to staffing limitations and other factors including time needed for planning, design and permitting. These deferred costs helped enable the City to cancel its water and sewer rate increases that were scheduled to go into effect in 2021 and pass along the savings to customers via no rate increases for the past 2 years. However, the City has been proceeding with its capital program and has a number of large projects in design which will soon require funding.
- Both water and sewer enterprises are facing substantial capital improvement funding needs in upcoming years. The City currently anticipates funding roughly \$85 million of water system capital improvements and roughly \$68 million of wastewater system capital improvements over the next 5 years including a share of costs for improvements to the Water Quality Control Plant (WQCP). The improvements are needed to address existing deficiencies, rehab and/or replace aging infrastructure that has reached the end of its useful life, and support safe and reliable service. The wastewater projects include an estimated \$14 million for San Bruno's share of an anticipated major upgrade to the WQCP biosolids handling process. The WQCP anticipates financing this project with debt; San Bruno's share of annual debt service is estimated at approximately \$800,000 per year starting fiscal year 2026/27.

- Water capital improvements planned for the next 5 years include the replacement of 3 older water tanks as well as replacement of aging water pipelines and various other improvements to wells, pressure regulating stations, and pump stations. Wastewater capital improvements primarily consist of rehabilitation and replacement of aging sewer pipelines but also include pump station improvements and the City's share of capital improvements projects at the Water Quality Control Plant.
- Current rates do not support the projected capital funding needs over the next 5 years or projections of longer-term annual funding needs for rehabilitation and replacement of aging infrastructure.
- The water and sewer enterprises have both accrued healthy levels of fund reserves that include some excess reserves available for capital funding. A substantial amount of these fund reserves are projected to be drawn down in upcoming years to help fund the City's water and sewer capital improvement needs while rate increases are gradually phased in.
- The City is also facing ongoing increases to its water and sewer operating expenses:
 - Due to overcollection of revenues in prior years, the SFPUC accumulated fund reserves in a "balancing account" on behalf of its wholesale customers and was able to draw down reserves in order to defer wholesale water rate increases for 5 years. However, the balancing account was mostly depleted and SFPUC increased wholesale water rates by 16% effective July 1, 2022. Additional wholesale water rate increases are projected in upcoming years.
 - The City is contractually responsible for paying its share of operating, maintenance and debt service expenses for the South San Francisco – San Bruno Water Quality Control Plant and effluent disposal system. Costs for wastewater treatment operations have increased in recent years, with no corresponding increases to the City's sewer rates, and are projected to continue to gradually increase in future years.
 - In addition, the City faces ongoing cost inflation for its own operating and maintenance expenses. The City avoided some expenses in recent years due to unfilled staff positions and participation in the Groundwater Storage and Recovery Agreement with SFPUC. In addition to rate increases for capital needs and other purposes, small annual rate increases are needed over the next 5 years to support the City's own operating expenses and keep up with cost inflation.
- The City's prior rate increases put the water and sewer enterprises on a stronger financial footing but are not adequate to meet projected future operating and capital funding needs. Temporary deferral of some expenses enabled the City to pass along the savings to its customers by cancelling and deferring rate increases for the past 2+ years. However, the City now needs to resume raising rates to support its water and sewer enterprise funding needs.

Financial & Rate Projections

- BWA developed 10-year financial projections to evaluate rate increases needed to support projected water and sewer enterprise funding needs in upcoming years. Rate increases are designed to be gradually phased in over 5 years in order to minimize the annual impact on ratepayers, with the goal of supporting balanced budgets and adequate funding for ongoing rehabilitation and replacement of aging pipelines and other water and sewer system infrastructure.
- The tables below summarize the overall level of projected water and sewer rate increases for the next 5 years which follow 2 years of no rate increases. Due to minor adjustments to the City's water and sewer rate structures designed to realign rates with the cost of service, actual billing impacts to customers may vary a little depending on customer class, meter size, and water use.

Projected Water Rate Increases						
July 1 2021	July 1 2022	January 1 2024	January 1 2025	January 1 2026	January 1 2027	January 1 2028
5% 0%	0%	6%	6%	6%	6%	6%

Projected Sewer Rate Increases						
July 1 2021	July 1 2022	July 1 2023	July 1 2024	July 1 2025	July 1 2026	July 1 2027
5% 0%	0%	5%	5%	5%	5%	5%

- As shown on the tables above, water rate increases are proposed to become effective on January 1 of each year, when water use is low, starting January 1, 2024. Sewer rate increases are proposed to become effective on July 1 at the beginning of each fiscal year starting July 1, 2023.
- Accounting for the cancellation and deferral of rate increases over the past 2 years, water and sewer rates with the proposed increases will remain below levels previously projected. For example, if the City had continued with gradual 5% rate increases each year, current rates would already be a little over 10% higher than they current are and would remain higher than projected rates in future years.
- BWA also evaluated the potential use of future debt financing to help fund the City's elevated level of water system capital needs over the next 5 years as the City's aging water tanks are replaced while enabling the City to phase in modest gradual rate increases. Water enterprise financial projections assume the City would first spend down a portion of its fund reserves prior to issuing debt in 2025 to fund \$20 million of capital improvements, which are elevated over the first 5 years. The actual timing and amount of any future debt issuance would vary based on actual future funding needs.

Potential for Collection of Sewer Rates on the Property Tax Rolls

- The City can consider the potential for collecting sewer service charges on the San Mateo County property tax rolls. Potential benefits include: a) removing sewer charges from the City's combined bi-monthly utility bills, b) San Mateo County is on the Teeter Plan under which the City would typically receive 100% of its sewer billings regardless of property tax payment delinquencies. Some potential considerations would include: c) sewer charges currently paid by some tenants would transition to being collected via tax bills paid by property owners, d) most revenues would be received 2 times per year, and e) the County charges a small administrative fee for collecting charges on the property tax rolls. Agencies can opt to use the property tax rolls to collect charges for a subset of customers such as a) residential customers only, or b) to collect utility bill payments from delinquent accounts.
- Many other regional agencies collect sewer rates via the property tax rolls including South San Francisco, Pacifica, San Mateo, Colma, San Carlos, Hillsborough, East Palo Alto Sanitary District, West Bay Sanitary District (Menlo Park), Redwood City, Montara Water & Sanitary District, and others. Other regional agencies are also currently considering collecting sewer charges on the County property tax rolls.
- The collection of sewer charges on the property tax rolls is authorized by California Health and Safety Code 5473. Pursuant to the Code, agencies must annually prepare and adopt by resolution listing the charges that would be levied on each parcel prior to submission to the County for collection on the property tax rolls. Prior to authorizing collection via the property tax rolls for the first time, the City must send notice to affected property owners of the proposed change in billing method at least 45 days prior to holding a public hearing on the matter. Similar to the process for adopting water and sewer rate increases, adoption of resolution authorizing billing via the property tax rolls is not subject to a public vote, but is instead subject to "majority protest" under which the City would not be able to consider adoption of the resolution if "written protests" were submitted by property owners representing more than 50% of affected parcels, with one written protest counted per parcel.

Next Steps

The following section presents a draft schedule for moving forward with proposed water and sewer rates increases for upcoming years.

Feb-14, 2023	<u>City Council Meeting:</u> Present findings and preliminary water and sewer rate recommendations and obtain initial input from Council and participating members of the public.
March 2023	<u>City Council Meeting:</u> Present revised water and sewer rate recommendations and seek Council direction to move forward with the Proposition 218 rate increase process.
March 2023	Mail Proposition 218 Notices of proposed rate increases to property owners and customers. Notices must be deposited in the mail at least 45 days prior to the date of the Public Hearing at which the proposed rates would be considered for adoption.
May 2023	<u>City Council Meeting:</u> Hold the required Public Hearing and consider adoption of proposed water and sewer rates. Water and sewer rate increases are not subject to a public vote, but are subject to "majority protest" under which the City would not be able to consider adoption of the resolution if "written protests" were submitted by property owners representing more than 50% of affected parcels, with one written protest counted per parcel.
Jul-1, 2023	New sewer rates become effective.
Jan-1, 2024	New water rates become effective.

Historical Water Rates							
	July 1 2016	July 1 2017	July 1 2018	July 1 2019	July 1 2020	July 1 2021	
Rate Increase %		5%	5%	5%	5%	5%	
MONTHLY SERVICE CHARGES					Currently in effect	Cancelled	
Fixed monthly charge based on meter size.							
Meter Size							
3/4-inch	\$21.13	\$22.10	\$23.20	\$24.36	\$25.58	\$26.86	
1-inch	35.22	36.83	38.67	40.60	42.63	44.76	
1-1/2 inch	70.43	73.67	77.33	81.20	85.27	89.53	
2-inch	112.69	117.87	123.73	129.92	136.43	143.25	
3-inch	211.30	221.00	232.00	243.60	255.80	268.59	
4-inch	352.17	368.33	386.67	406.00	426.33	447.65	
6-inch	704.33	736.67	773.33	812.00	852.67	895.30	
8-inch	1,126.93	1,178.67	1,237.33	1,299.20	1,364.27	1,432.47	
10-inch	1,619.97	1,694.33	1,778.67	1,867.60	1,961.13	2,059.18	
QUANTITY CHARGES							
Billed based on metered water consumption (\$ per hundred cubic feet or hcf)							
a) Single-Family Residential							
	Bi-Monthly Use						
Tier 1	0 - 10 hcf	\$7.36	\$7.78	\$8.17	\$8.58	\$9.01	\$9.46
Tier 2	11 - 20 hcf	8.83	9.31	9.78	10.27	10.78	11.32
Tier 3	> 20 hcf	11.78	12.38	13.00	13.65	14.33	15.05
b) All Other Accounts (All Water Use)		8.32	8.73	9.17	9.63	10.11	10.62
QUANTITY CHARGE (PER 100 GALLONS)							
a) Single-Family Residential		For Informational Purposes Only					
	Bi-Monthly Use						
Tier 1	0 - 10 hcf	\$0.98	\$1.04	\$1.09	\$1.15	\$1.20	\$1.26
Tier 2	11 - 20 hcf	1.18	1.24	1.31	1.37	1.44	1.51
Tier 3	> 20 hcf	1.57	1.66	1.74	1.82	1.92	2.01
b) All Other Accounts (All Water Use)		1.11	1.17	1.23	1.29	1.35	1.42

Accounts served by water procured from NCCWD are also charged a Differential Cost of Supply Charge reflecting the higher cost of water procured from this source.

Historical Sewer Rates					
	Wastewater Rates Effective July 1				
	2017	2018	2019	2020	2021
Rate Increase %	5%	5%	5%	5%	5%
MONTHLY SERVICE CHARGES				Currently in effect	Cancelled
<i>Fixed monthly charge per account</i>					
Single Family Residential	\$27.88	\$29.27	\$30.73	\$32.27	\$33.88
All Other Customers (Charge Based on Water Meter Size)					
<u>Meter Size</u>					
3/4-inch	\$27.88	\$29.27	\$30.73	\$32.27	\$33.88
1-inch	46.47	48.78	51.22	53.78	56.47
1-1/2 inch	92.93	97.57	102.43	107.57	112.93
2-inch	148.69	156.11	163.89	172.11	180.69
3-inch	278.80	292.70	307.30	322.70	338.80
4" & Larger	464.67	487.83	512.17	537.83	564.67
QUANTITY CHARGES					
<i>Billed per hundred cubic feet (hcf)</i>					
Residential	\$10.69	\$11.22	\$11.78	\$12.37	\$12.99
Commercial					
C-1 Light Commercial	9.93	10.43	10.95	11.50	12.08
C-2 Medium Commercial	10.69	11.22	11.78	12.37	12.99
C-3 Heavy Commercial	15.21	15.97	16.77	17.61	18.49
C-4 Special Commercial	19.74	20.73	21.77	22.86	24.00
Governmental	10.69	11.22	11.78	12.37	12.99
Industrial					
I-1 Light Industrial	10.69	11.22	11.78	12.37	12.99
I-2 Industrial Flow	7.68	8.06	8.46	8.88	9.32
COD per lb	0.59	0.62	0.65	0.68	0.71
SS per lb	1.22	1.28	1.34	1.41	1.48

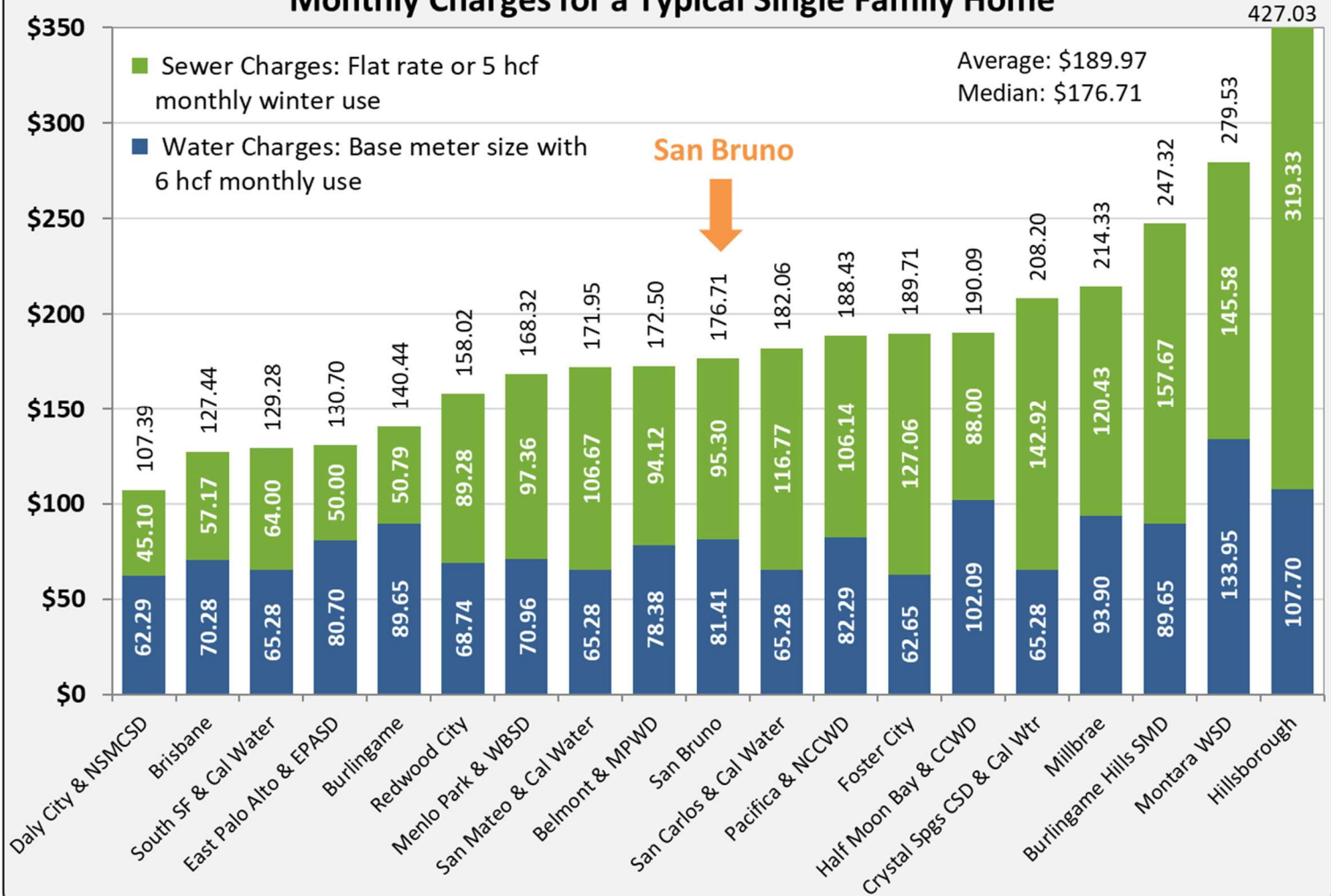
Residential Quantity Charges are billed based on average metered water use from two bi-monthly billing periods during wet weather months between either Nov-Mar or Dec-Apr.

Non-Residential Quantity Charges are billed based on metered water use during each billing period.

Note: 1 hcf = 100 cubic feet or approximately 748 gallons.

Survey of Combined Water & Sewer Bills

Monthly Charges for a Typical Single Family Home



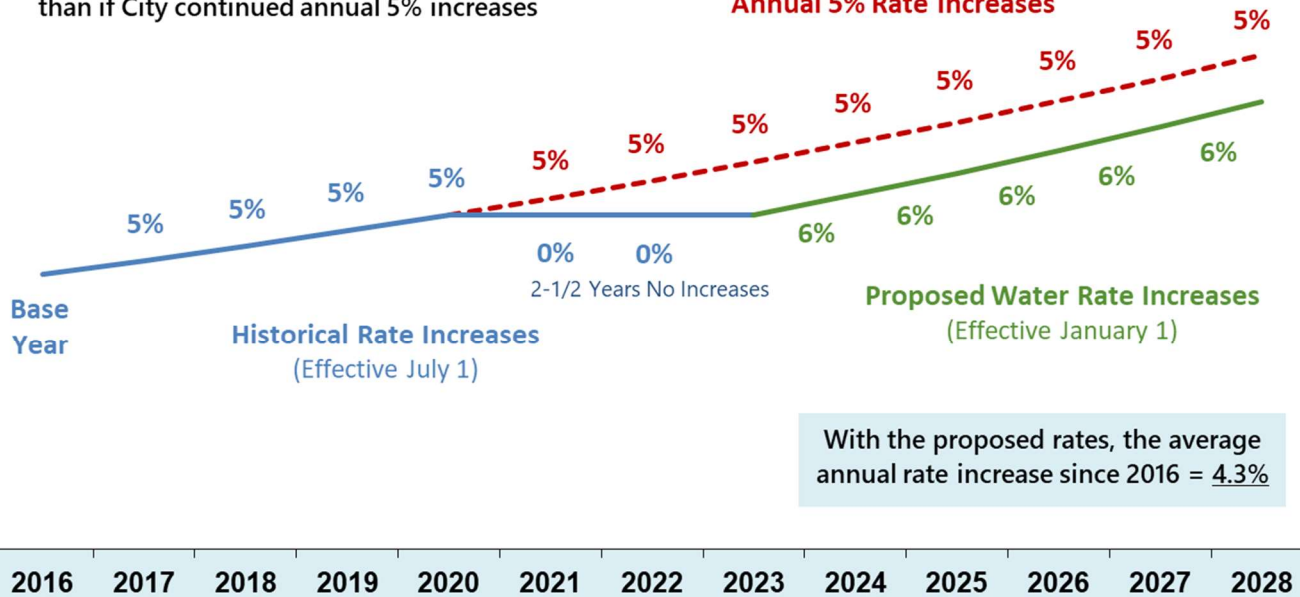
Survey assumes same level of water use for all agencies for comparative purposes. Agencies in northern San Mateo County and on the Pacific Coast tend to have lower water use per home than agencies in central and southern San Mateo County.

- San Bruno’s combined water and sewer charges for a typical single family home are the median of 19 regional agencies surveyed, with half of other agencies having charges that are above or below the City’s charges.)
- With the proposed 6% annual water rate increases and 5% annual sewer rate increases, San Bruno’s rates are projected to remain in the middle range compared to other agencies in San Mateo County.
- A number of other regional agencies are in the middle of multi-year rate increases or are anticipating adopting rate increases in upcoming years.

City of San Bruno Historical & Projected Water Rate Increases

Rates with proposed 6% increases (after no rate increases for 2-1/2 years) are lower than if City continued annual 5% increases

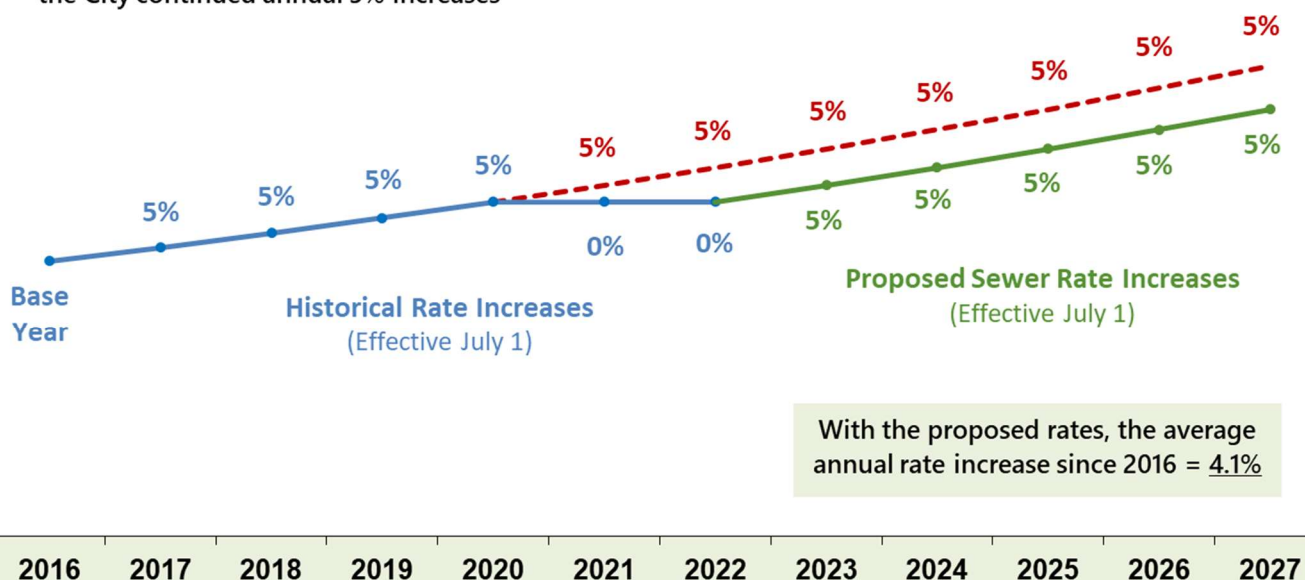
Rates if City had Continued Annual 5% Rate Increases



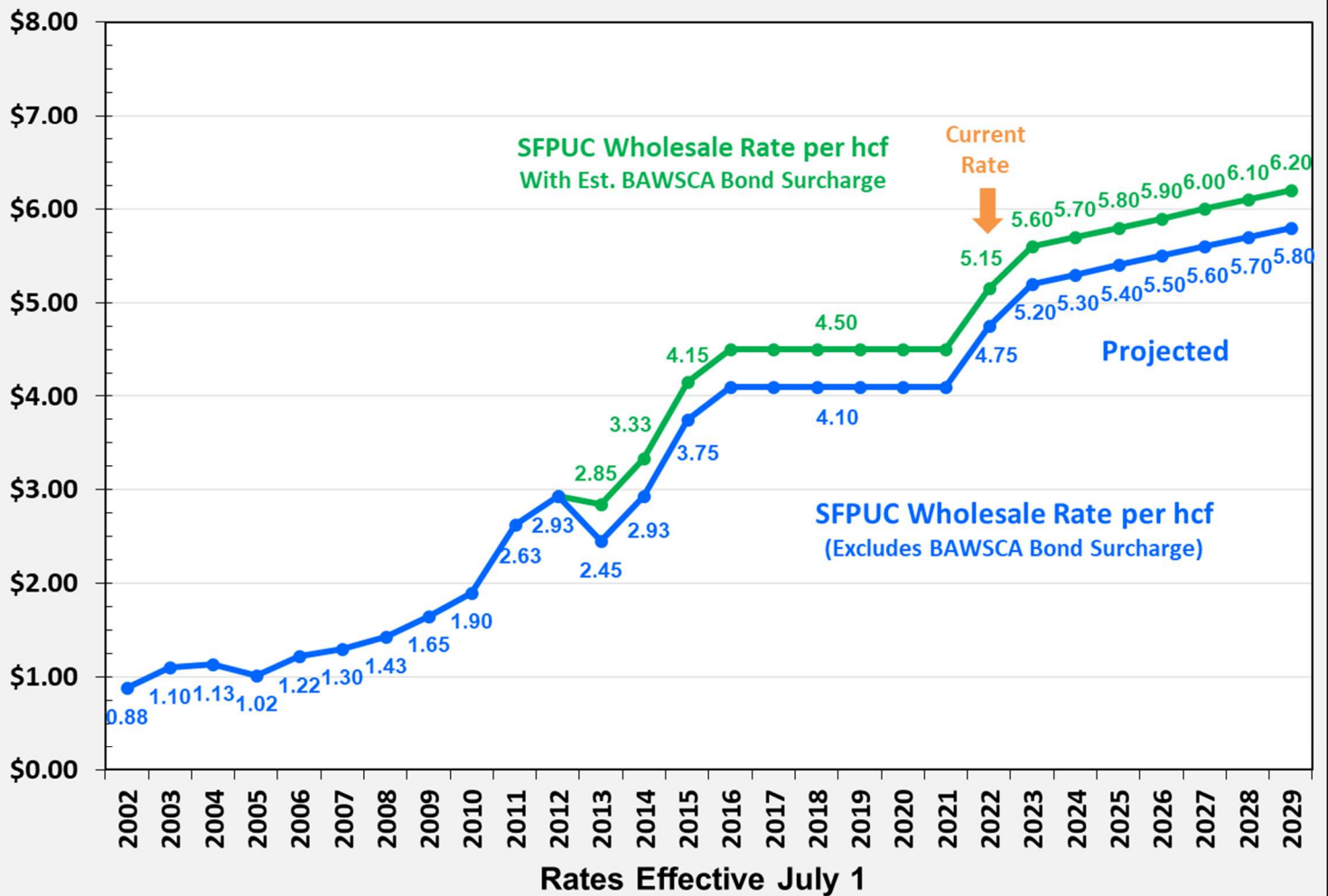
City of San Bruno Historical & Projected Sewer Rate Increases

Rates with proposed 5% increases (after no rate increases for 2 years) are lower than if the City continued annual 5% increases

Rates if City had Continued Annual 5% Rate Increases

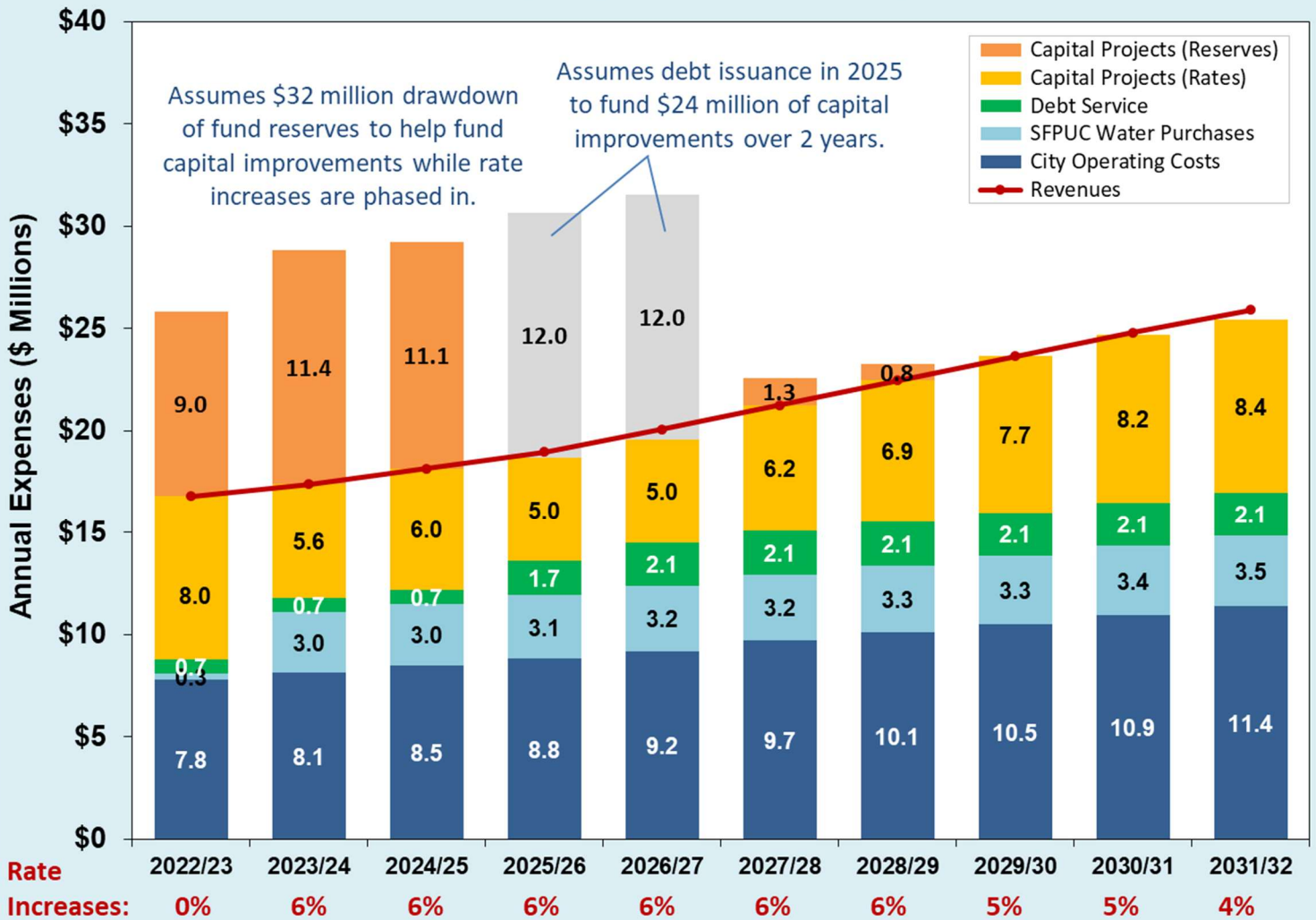


SFPUC Wholesale Water Rates (\$ per hcf)

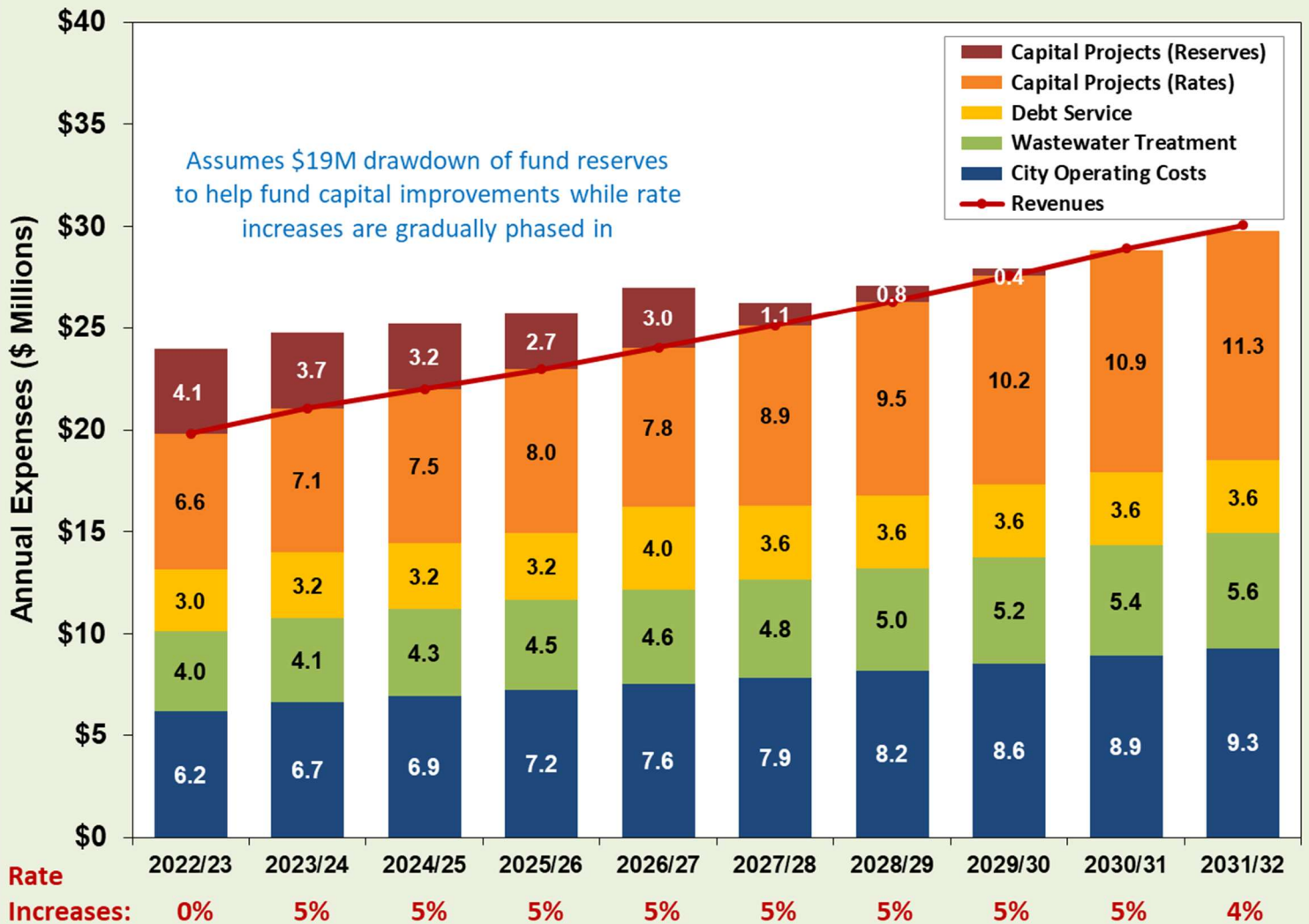


Based on SFPUC wholesale rate projections for July 1, 2023 and gradual annual increases thereafter.

City of San Bruno Water Utility Projected Revenues & Expenses



City of San Bruno Sewer Utility Projected Revenues & Expenses





City of San Bruno



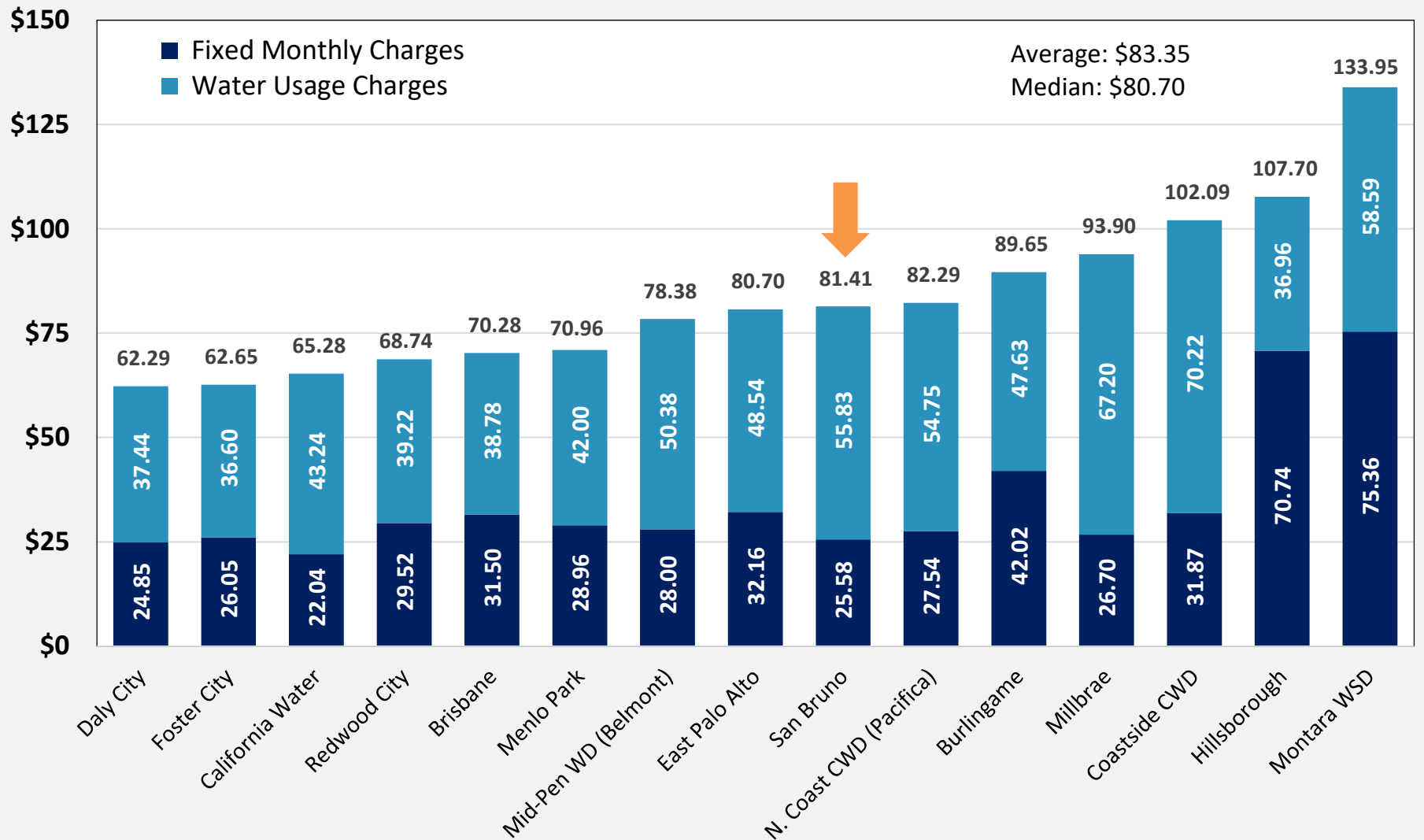
Water Rate Study Tables



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Single Family Residential Monthly Water Bills

Base meter size with 6 hcf of monthly water use



Note: Survey assumes same level of water use for all agencies for comparative purposes. Agencies in northern San Mateo County and on the Pacific Coast tend to have lower water use per home than agencies in central and southern San Mateo County.

Table 1
San Bruno Water Rate Study
Water Rates

Historical Water Rates							
	July 1 2016	July 1 2017	July 1 2018	July 1 2019	July 1 2020	July 1 2021	
Rate Increase %		5%	5%	5%	5%	–5%–	
MONTHLY SERVICE CHARGES					Currently in effect	Cancelled	
Fixed monthly charge based on meter size.							
Meter Size							
3/4-inch	\$21.13	\$22.10	\$23.20	\$24.36	\$25.58	\$26.86	
1-inch	35.22	36.83	38.67	40.60	42.63	44.76	
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2-inch	112.69	117.87	123.73	129.92	136.43	143.25	
3-inch	211.30	221.00	232.00	243.60	255.80	268.59	
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6-inch	704.33	736.67	773.33	812.00	852.67	895.30	
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QUANTITY CHARGES							
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QUANTITY CHARGE (PER 100 GALLONS)							
a) Single-Family Residential		For Informational Purposes Only					
	Bi-Monthly Use						
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Table 2

San Bruno Water Rate Study
Water Fund Reserves

Need audited #s for 6/30/22 when available

Account Title	As of June 30					
	2017	2018	2019	2020	2021	2022
						Preliminary
Cash Reserves & Receivables						
Cash & Investments	\$14,119,178	\$18,781,556	\$28,532,888	\$35,196,887	\$41,826,760	\$47,838,565
Accounts Receivable - Other	<u>1,738,086</u>	<u>1,914,455</u>	<u>2,301,814</u>	<u>2,308,053</u>	<u>2,787,126</u>	<u>2,675,352</u>
Subtotal	15,857,264	20,696,011	30,834,702	37,504,940	44,613,886	50,513,917
Accounts Payable						
Accounts Payable & Accrued Liabilities	(634,495)	(1,012,375)	(1,732,132)	(2,672,987)	(868,080)	(1,004,160)
Compensated Absences Current	(16,629)	(18,990)	(18,963)	(20,855)	(21,293)	(19,803)
Compensated Absences Noncurrent	<u>(116,686)</u>	<u>(86,192)</u>	<u>(96,049)</u>	<u>(121,559)</u>	<u>(121,271)</u>	<u>(104,790)</u>
Subtotal	(767,810)	(1,117,557)	(1,847,144)	(2,815,401)	(1,010,644)	(1,128,753)
Net Reserves Available for O&M + Capital	15,089,454	19,578,454	28,987,558	34,689,539	43,603,242	49,385,164
2017 Water Revenue Bond Funds	0	12,991,404	9,979,309	6,938,947	1,094,662	456,425
Total Funds Available	15,089,454	32,569,858	38,966,867	41,628,486	44,697,904	49,841,589

Source: City of San Bruno Comprehensive Annual Financial Reports

Note: City built up fund reserves in recent years due to temporary deferral of some major capital improvement projects due to staffing limitations and lead time for design and permitting. City is moving forward with its capital program and anticipated drawing down fund reserves as projects are funded in upcoming years.

Table 3
San Bruno Water Rate Study
Outstanding Debt Service

Fiscal Year Ending	2017 Water Revenue Bonds
2021	\$681,650
2022	682,850
2023	683,650
2024	684,050
2025	681,550
2026	683,550
2027	684,800
2028	685,300
2029	685,050
2030	684,050
2031	682,300
2032	684,800
2033	681,300
2034	682,050
2035	684,900
2036	682,300
2037	684,400
2038	681,600
2039	683,200
2040	684,000
2041	684,000
2042	683,200
2043	681,600
2044	684,200
2045	685,800
2046	681,400
2047	681,200

Rate Covenant: 1.25x debt service coverage requirement
Optional Redemption starting July 1, 2027

Table 4
San Bruno Water Rate Study
Water Capital Improvement Program

		2022/23			2023/24	2024/25	2025/26	2026/27	5-Yr Total
	Prior Approp	Est. Carryover	New Funding	Total					
Funding Sources									
Water Fund	28,181,000	14,619,000	10,354,000	24,973,000	1,600,000	26,400,000	20,750,000	11,200,000	84,923,000
SFPUC	315,000	315,000		315,000					315,000
Total Funding Sources	28,496,000	14,934,000	10,354,000	25,288,000	1,600,000	26,400,000	20,750,000	11,200,000	85,238,000
Water Capital Improvement Program Budget Appropriations [1]									
Main Improvement & Replacement Program	10,650,000	6,730,000	900,000	7,630,000		6,300,000	2,800,000	9,000,000	25,730,000
Pump Station Improvement & Replacement	2,273,000	1,350,000	4,550,000	5,900,000	950,000	950,000			7,800,000
Water Tank Improvement & Replacement									
Commodore Tank Installation	1,500,000	1,500,000	750,000	2,250,000			17,750,000		20,000,000
Cunningham Drive Tank Replacements	1,437,000	542,000		542,000		9,000,000			9,542,000
Princeton Tank Replacement	500,000	500,000	700,000	1,200,000				2,000,000	3,200,000
Sweeney Ridge Tank Replacement	1,094,000	890,000		890,000		9,500,000			10,390,000
Advanced Water Meter	6,017,000	504,000		504,000					504,000
Acappella Well Project	2,348,000	1,032,000	3,000,000	4,032,000					4,032,000
Pressure Reg Station Impvt & Replacement	1,600,000	1,557,000	(346,000)	1,211,000	450,000	450,000			2,111,000
Well Rehabilitation	1,077,000	329,000	200,000	529,000	200,000	200,000	200,000	200,000	1,329,000
Wtr Qual Well Syst Upgrades & Sweeny Rdg Tank Ch	0		600,000	600,000					600,000
Total Capital Funding	28,496,000	14,934,000	10,354,000	25,288,000	1,600,000	26,400,000	20,750,000	11,200,000	85,238,000
Estimated Annual Water Capital Improvement Expenditures [2]									
Average Annual Expenditures				17,048,000	17,048,000	17,048,000	17,048,000	17,048,000	85,240,000

1 Source: City of San Bruno Revised 5-Year Water Capital Program (Updated 11.4.22 & 1.23.23); budget appropriation required for project contract awards.

2 Source: Assumes average annual expenditures over the 5-year period.

Table 5 San Bruno Water Cash Flow Projections Working Draft										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Effective Date of Rate Increases		Jan-1	Jan-1	Jan-1	Jan-1	Jan-1	Jan-1	Jan-1	Jan-1	Jan-1
Overall Rate Adjustment	0.0%	6%	6%	6%	6%	6%	6%	5%	5%	4%
Growth (3/4" Meter Equivalents)	20	20	20	20	20	20	20	20	20	20
Annual % Change in Water Sales	-2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Water Sales (hcf)	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000	1,281,000
Plus 10% Unaccounted Water	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000
Groundwater Production (hcf)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
SFPUC Water Supply (hcf)	509,000	509,000	509,000	509,000	509,000	509,000	509,000	509,000	509,000	509,000
GSR Yearly Designation ???	Recovery/Take	-	-	-	-	-	-	-	-	-
GSR Credit hcf (3,915 AF, 1,705,000 hcf)	(509,000)	-	-	-	-	-	-	-	-	-
SFPUC Rate per hcf	\$4.75	\$5.20	\$5.30	\$5.40	\$5.50	\$5.60	\$5.70	\$5.80	\$5.90	\$6.00
Interest Earnings Rate	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
City Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Beginning Fund Balances	\$49,842,000	\$40,814,000	\$29,372,000	\$18,280,000	\$18,587,000	\$19,105,000	\$17,778,000	\$16,989,000	\$16,692,000	\$16,824,000
REVENUES										
Subtotal Rate Revenues	15,948,000	16,406,000	17,386,000	18,425,000	19,526,000	20,694,000	21,933,000	23,139,000	24,295,000	25,392,000
Investment Income	748,000	816,000	587,000	366,000	372,000	382,000	356,000	340,000	334,000	336,000
Connection/Mtr Inst/Capacity Fees	100,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Other/Miscellaneous	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Revenues	16,816,000	17,402,000	18,153,000	18,971,000	20,078,000	21,256,000	22,469,000	23,659,000	24,809,000	25,908,000
Projected Debt Proceeds				Projected 2025 Bonds (tbd)						
				12,000,000	12,000,000					
EXPENSES										
Operating & Maintenance										
Salaries & Benefits	3,050,000	3,172,000	3,299,000	3,431,000	3,568,000	3,711,000	3,859,000	4,013,000	4,174,000	4,341,000
Less Capitalized Project Staffing	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(375,000)	(386,000)	(398,000)	(410,000)	(422,000)
Supplies & Materials	1,914,000	1,991,000	2,071,000	2,154,000	2,240,000	2,330,000	2,423,000	2,520,000	2,621,000	2,726,000
Utilities	570,000	593,000	617,000	642,000	668,000	695,000	723,000	752,000	782,000	813,000
SFPUC/NCCWD Wholesale Water	2,418,000	2,647,000	2,698,000	2,749,000	2,800,000	2,850,000	2,901,000	2,952,000	3,003,000	3,054,000
SFPUC GSR Credits (3,915 AF)	(2,418,000)	0	0	0	0	0	0	0	0	0
SFPUC Meter Charges	153,000	159,000	165,000	172,000	179,000	186,000	193,000	201,000	209,000	217,000
BAWSCA Bond Surcharge	165,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Internal/Intergovt Charges	2,760,000	2,870,000	2,985,000	3,104,000	3,228,000	3,357,000	3,491,000	3,631,000	3,776,000	3,927,000
Subtotal	8,112,000	11,112,000	11,515,000	11,932,000	12,363,000	12,934,000	13,384,000	13,851,000	14,335,000	14,836,000
Debt Service										
2017 Water Revenue Bonds	684,000	684,000	682,000	684,000	685,000	685,000	685,000	684,000	682,000	685,000
Projected 2025 Bonds (4.5% 30-Yr)	0	0	0	1,000,000	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000
Subtotal	684,000	684,000	682,000	1,684,000	2,149,000	2,149,000	2,149,000	2,148,000	2,146,000	2,149,000
	Assumes total 5-year capital expenditures are spread evenly over the first 5 years					Future capital expenditures are projected at \$7.5 million per year with 3% cost escalation				
Capital Improvements	17,048,000	17,048,000	17,048,000	17,048,000	17,048,000	7,500,000	7,725,000	7,957,000	8,196,000	8,442,000
Total Expenses	25,844,000	28,844,000	29,245,000	30,664,000	31,560,000	22,583,000	23,258,000	23,956,000	24,677,000	25,427,000
Revenues Less Expenses	(9,028,000)	(11,442,000)	(11,092,000)	307,000	518,000	(1,327,000)	(789,000)	(297,000)	132,000	481,000
Ending Fund Balances	40,814,000	29,372,000	18,280,000	18,587,000	19,105,000	17,778,000	16,989,000	16,692,000	16,824,000	17,305,000
Min Rsrv Target: 50% O&M&D + \$5M CIP	9,400,000	10,900,000	11,100,000	11,810,000	12,260,000	12,540,000	12,770,000	13,000,000	13,240,000	13,490,000
Debt Service Coverage	12.73	9.20	9.73	4.18	3.59	3.87	4.23	4.57	4.88	5.15

Note: The projections assume 2022/23 is a Recovery/Take Year under the Groundwater Storage & Recovery (GSR) Agreement, but do not assume any GSR designations for future years.

Pay-Go Funding Generated for CIP	8,020,000	5,606,000	5,956,000	5,355,000	5,566,000	6,173,000	6,936,000	7,660,000	8,328,000	8,923,000
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Table 6
City of San Bruno
Water Use by Month

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total (hcf)	Ttl (AF)	% of Ttl
2017/18 Water Use (hcf)															
Residential	98,929	84,385	105,093	82,391	98,284	74,142	88,842	71,291	85,285	68,624	85,930	76,210	1,019,406	2,340	75.0%
Commercial	27,776	30,657	30,668	26,609	24,779	17,467	16,300	17,972	17,100	16,051	20,681	25,619	271,679	624	20.0%
City	9,395	9,857	10,193	8,627	5,787	1,989	1,462	1,958	1,861	2,278	5,082	9,033	67,522	155	5.0%
Total	136,100	124,899	145,954	117,627	128,850	93,598	106,604	91,221	104,246	86,953	111,693	110,862	1,358,607	3,119	100.0%
2018/19 Water Use (hcf)															
Residential	99,235	83,302	108,893	81,401	107,093	74,114	96,641	69,252	82,283	65,068	90,124	75,180	1,032,586	2,370	75.1%
Commercial	26,792	27,975	29,575	26,397	22,340	19,005	15,114	16,228	16,541	18,965	23,859	27,192	269,983	620	19.6%
City	10,455	12,030	9,621	8,496	6,467	2,753	1,300	2,206	4,901	1,830	5,690	6,433	72,182	166	5.3%
Total	136,482	123,307	148,089	116,294	135,900	95,872	113,055	87,686	103,725	85,863	119,673	108,805	1,374,751	3,156	100.0%
2019/20 Water Use (hcf)															
Residential	104,044	82,122	105,703	82,444	99,083	74,819	86,683	69,158	86,527	72,266	99,115	79,921	1,041,885	2,392	74.5%
Commercial	25,820	29,117	31,174	27,895	27,219	20,221	16,385	18,247	8,851	26,180	16,201	19,345	266,655	612	19.1%
City	9,721	11,705	11,645	10,375	9,644	5,438	3,168	3,703	4,331	5,831	5,300	9,451	90,312	207	6.5%
Total	139,585	122,944	148,522	120,714	135,946	100,478	106,236	91,108	99,709	104,277	120,616	108,717	1,398,852	3,211	100.0%
2020/21 Water Use (hcf)															
Residential	108,328	88,279	113,474	85,834	106,905	76,531	93,931	70,930	88,345	69,007	97,563	77,828	1,076,955	2,472	77.2%
Commercial	23,179	25,626	22,382	21,042	21,441	16,602	13,273	12,950	14,605	19,118	21,564	23,818	235,600	541	16.9%
City	12,279	13,084	9,574	7,521	7,544	3,835	3,021	3,193	2,539	5,093	7,324	7,907	82,914	190	5.9%
Total	143,786	126,989	145,430	114,397	135,890	96,968	110,225	87,073	105,489	93,218	126,451	109,553	1,395,469	3,204	100.0%
2021/22 Water Use (hcf)															
Residential	99,080	77,895	97,460	76,264	90,525	66,937	84,523	67,597	84,441	66,277	88,813	71,236	971,048	2,229	74.3%
Commercial	26,237	27,172	26,813	26,114	16,330	17,680	16,246	19,162	19,766	20,740	20,296	23,226	259,782	596	19.9%
City	9,587	8,452	9,797	8,310	3,327	3,362	2,616	4,340	5,693	6,429	6,808	8,162	76,883	176	5.9%
Total	134,904	113,519	134,070	110,688	110,182	87,979	103,385	91,099	109,900	93,446	115,917	102,624	1,307,713	3,002	100.0%
2022/23 Water Use (hcf)															
Residential	94,289	74,070	97,618	70,837	88,780	68,015							493,609	1,133	73.7%
Commercial	24,753	25,427	26,369	23,052	21,271	16,979							137,851	316	20.6%
City	7,795	8,335	8,707	5,842	4,371	3,031							38,081	87	5.7%
Total	126,837	107,832	132,694	99,731	114,422	88,025	-	-	-	-	-	-	669,541	1,537	100.0%

Source: Based on monthly water use data provided by the City of San Bruno.

Table 7
City of San Bruno
Water Sources of Supply by Month

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total (hcf)	Ttl (AF)	% of Ttl
2017/18 Water Supply (hcf)															
Wells	12,930	13,080	13,036	13,253	11,747	13,486	8,840	14,262	13,061	14,323	13,494	13,829	155,341	357	10.4%
SFPUC	113,342	135,352	130,261	109,369	97,616	105,668	91,871	87,626	93,886	92,934	122,593	129,285	1,309,803	3,007	88.0%
NCCWD	2,043	2,044	2,029	2,028	1,977	1,976	1,860	1,859	1,836	1,836	1,961	1,962	23,411	54	1.6%
Total	128,315	150,476	145,326	124,650	111,340	121,130	102,571	103,747	108,783	109,093	138,048	145,076	1,488,555	3,417	100.0%
2018/19 Water Supply (hcf)															
Wells	12,768	4,124	14,166	6,508	13,484	14,709	6,853	13,580	14,364	15,582	13,649	9,825	139,612	321	9.6%
SFPUC	119,235	136,866	119,224	97,586	104,661	99,365	94,911	86,332	94,926	102,297	113,596	129,565	1,298,564	2,981	89.1%
NCCWD	2,057	2,056	3,888	1,638	1,638	1,071	1,071	975	975	946	946	1,234	18,495	42	1.3%
Total	134,060	143,046	137,278	105,732	119,783	115,145	102,835	100,887	110,265	118,825	128,191	140,624	1,456,671	3,344	100.0%
2019/20 Water Supply (hcf)															
Wells	1,227	14,456	11,484	7,453	10,864	-	13,174	13,809	14,703	1,282	12,824	9,030	110,306	253	7.2%
SFPUC	131,267	137,064	122,585	115,869	108,311	120,738	83,960	105,336	107,464	106,008	125,419	136,511	1,400,532	3,215	91.9%
NCCWD	1,234	1,502	1,503	873	874	885	885	946	947	1,163	1,164	1,172	13,148	30	0.9%
Total	133,728	153,022	135,572	124,195	120,049	121,623	98,019	120,091	123,114	108,453	139,407	146,713	1,523,986	3,499	100.0%
2020/21 Water Supply (hcf)															
Wells	14,349	12,423	14,479	14,520	14,105	13,412	14,091	17,765	15,635	5,342	10,500	18,783	165,404	380	11.0%
SFPUC	128,986	135,657	110,866	109,817	109,187	99,794	82,640	94,325	105,412	118,954	122,494	110,268	1,328,400	3,050	88.2%
NCCWD	1,172	1,172	1,172	1,176	1,175	841	841	1,043	1,044	1,043	1,044	1,050	12,773	29	0.8%
Total	144,507	149,252	126,517	125,513	124,467	114,047	97,572	113,133	122,091	125,339	134,038	130,101	1,506,577	3,459	100.0%
2021/22 Water Supply (hcf)															
Wells	69,697	78,147	73,858	65,865	76,177	82,308	79,135	80,041	96,250	76,332	93,581	90,099	961,490	2,207	64.9%
SFPUC	68,454	60,969	62,029	53,223	35,552	29,115	27,064	26,805	33,345	27,250	41,465	41,949	507,220	1,164	34.3%
NCCWD	1,051	957	957	978	978	1,043	1,044	972	972	975	976	1,137	12,040	28	0.8%
Total	139,202	140,073	136,844	120,066	112,707	112,466	107,243	107,818	130,567	104,557	136,022	133,185	1,480,750	3,399	100.0%
2022/23 Water Supply (hcf)															
Wells	90,682	81,262	88,581	90,282	72,254	69,615							492,676	1,131	66.4%
SFPUC	46,952	53,782	35,958	33,412	35,594	38,392							244,090	560	32.9%
NCCWD	1,137	1,110	1,109	1,136	1,135								5,627	13	0.8%
Total	138,771	136,154	125,648	124,830	108,983	108,007	-	-	-	-	-	-	742,393	1,704	100.0%

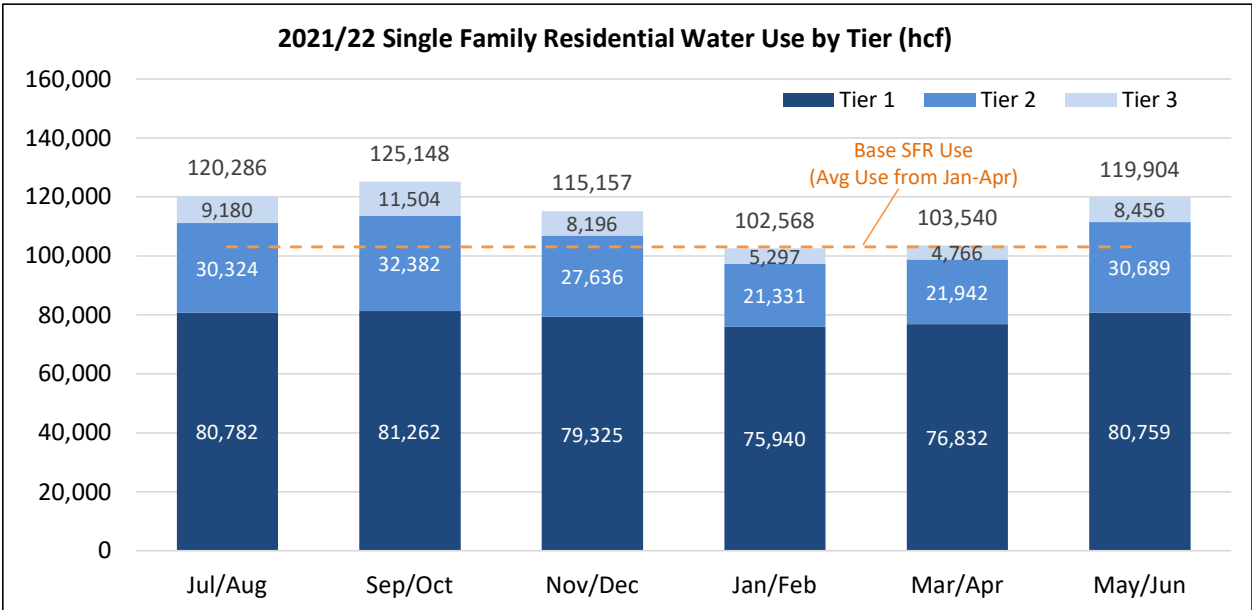
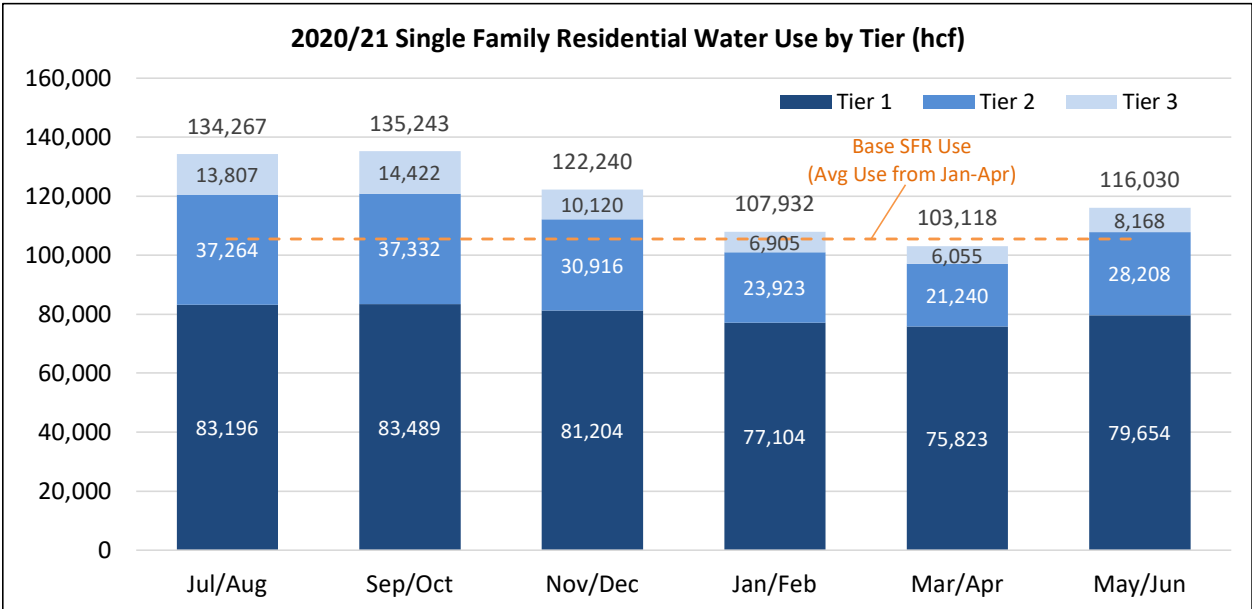
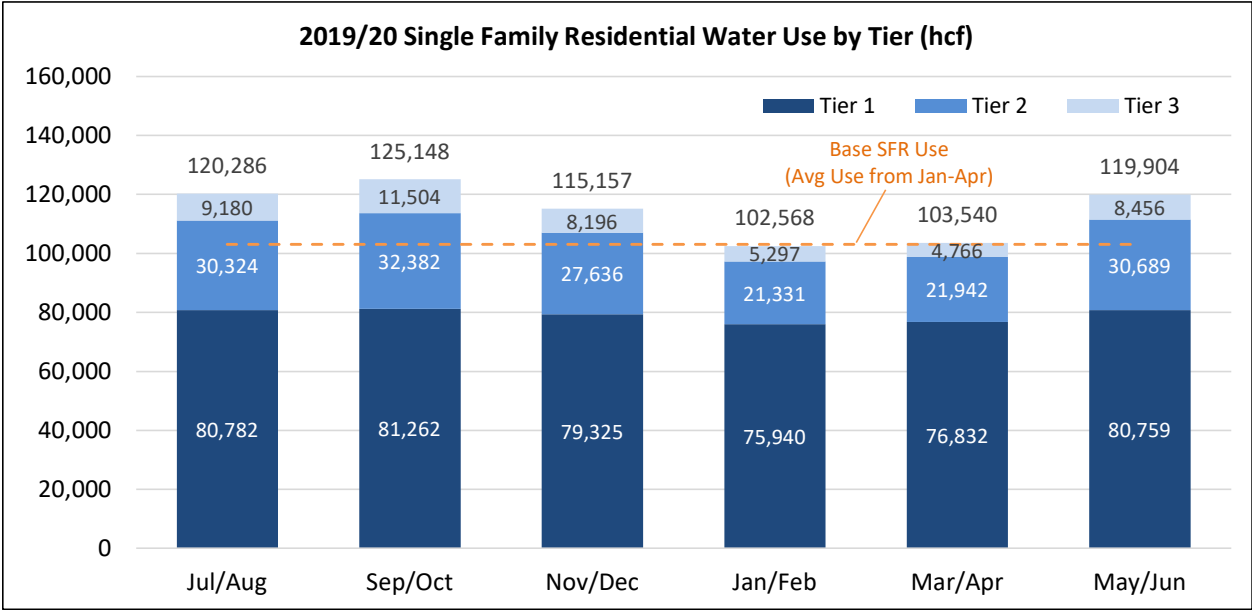
Source: Based on monthly water use data provided by the City of San Bruno.

Table 8
San Bruno Water Rate Study
Meter Equivalents

Meter Code	Meter Size	Number of Accts*	AWWA Meter Capacity Ratio	3/4" Meter Equivalents
WT01	3/4"	10,710	1.00	10,710
WT02	1"	390	1.67	650
WT03	1-1/2"	213	3.33	710
WT04	2"	310	5.33	1,653
WT05	3"	14	10.00	140
WT06	4"	2	16.67	33
WT07	6"	1	33.33	33
WT08	8"	2	53.33	107
WT09	10"	-	76.67	-
Total		11,640		13,930
Source: Average monthly billed accounts from March - July 2022.				

Table 9
San Bruno Water Rate Study
Historical Water Use by Rate Class

Bi-Monthly Period	Jul/Aug	Sep/Oct	Nov/Dec	Jan/Feb	Mar/Apr	May/Jun	Total	% of Ttl
2019/20 Water Use (hcf)								
Single Family Residential								
Tier 1	80,782	81,262	79,325	75,940	76,832	80,759	474,900	36.0%
Tier 2	30,324	32,382	27,636	21,331	21,942	30,689	164,304	12.4%
Tier 3	<u>9,180</u>	<u>11,504</u>	<u>8,196</u>	<u>5,297</u>	<u>4,766</u>	<u>8,456</u>	<u>47,399</u>	<u>3.6%</u>
Subtotal	120,286	125,148	115,157	102,568	103,540	119,904	686,603	52.0%
Multi-Family Res	65,628	62,797	58,349	55,421	54,608	58,394	355,197	26.9%
Commercial/Other	<u>58,010</u>	<u>61,998</u>	<u>50,725</u>	<u>36,629</u>	<u>35,400</u>	<u>36,258</u>	<u>279,020</u>	<u>21.1%</u>
Total	243,924	249,943	224,231	194,618	193,548	214,556	1,320,820	100.0%
2020/21 Water Use (hcf)								
Single Family Residential								
Tier 1	83,196	83,489	81,204	77,104	75,823	79,654	480,470	36.2%
Tier 2	37,264	37,332	30,916	23,923	21,240	28,208	178,883	13.5%
Tier 3	<u>13,807</u>	<u>14,422</u>	<u>10,120</u>	<u>6,905</u>	<u>6,055</u>	<u>8,168</u>	<u>59,477</u>	<u>4.5%</u>
Subtotal	134,267	135,243	122,240	107,932	103,118	116,030	718,830	54.1%
Multi-Family Res	64,705	64,345	61,194	57,009	54,279	58,768	360,300	27.1%
Commercial/Other	<u>51,918</u>	<u>46,202</u>	<u>41,217</u>	<u>26,886</u>	<u>35,674</u>	<u>47,202</u>	<u>249,099</u>	<u>18.8%</u>
Total	250,890	245,790	224,651	191,827	193,071	222,000	1,328,229	100.0%
2021/22 Water Use (hcf)								
Single Family Residential								
Tier 1	80,047	79,364	75,757	73,990	74,239	75,992	459,389	37.1%
Tier 2	29,550	28,295	21,455	19,480	19,191	22,227	140,198	11.3%
Tier 3	<u>10,066</u>	<u>9,947</u>	<u>6,043</u>	<u>6,347</u>	<u>5,782</u>	<u>6,953</u>	<u>45,138</u>	<u>3.6%</u>
Subtotal	119,663	117,606	103,255	99,817	99,212	105,172	644,725	52.0%
Multi-Family Res	57,095	55,823	54,100	52,405	51,446	54,348	325,217	26.2%
Commercial/Other	<u>53,048</u>	<u>55,493</u>	<u>34,684</u>	<u>35,853</u>	<u>43,466</u>	<u>46,806</u>	<u>269,350</u>	<u>21.7%</u>
Total	229,806	228,922	192,039	188,075	194,124	206,326	1,239,292	100.0%





City of San Bruno



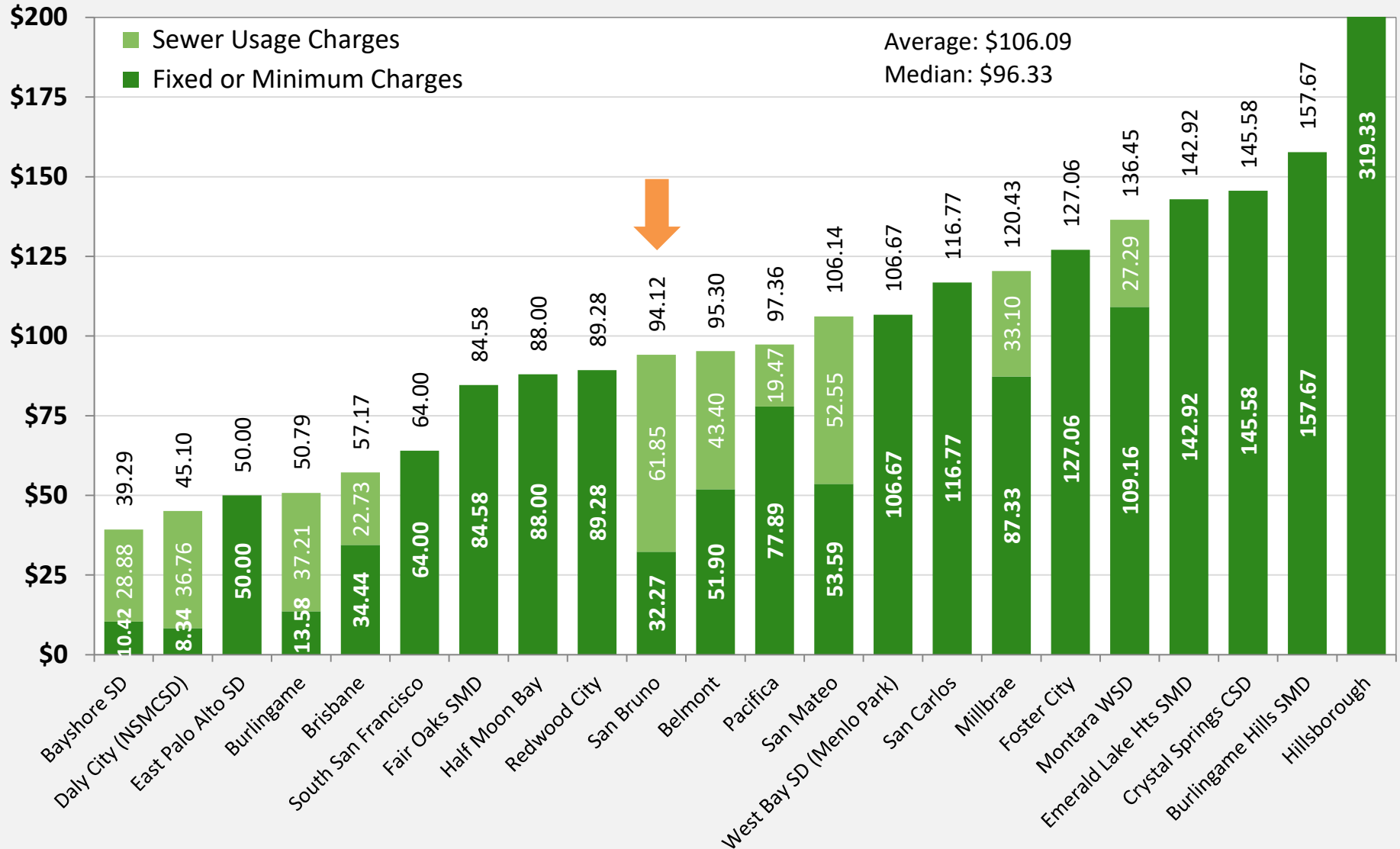
Sewer Rate Study Tables



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Single Family Residential Monthly Sewer Rates

Based on flat rate or 5 hcf of monthly winter water use



Note: Some agencies receive property tax revenues that reduce the funding needs from sewer rates.

	Wastewater Rates Effective July 1				
	2017	2018	2019	2020	2021
Rate Increase %	5%	5%	5%	5%	-5%
MONTHLY SERVICE CHARGES				Currently in effect	Cancelled
<i>Fixed monthly charge per account</i>					
Single Family Residential	\$27.88	\$29.27	\$30.73	\$32.27	\$33.88
All Other Customers (Charge Based on Water Meter Size)					
<u>Meter Size</u>					
3/4-inch	\$27.88	\$29.27	\$30.73	\$32.27	\$33.88
1-inch	46.47	48.78	51.22	53.78	56.47
1-1/2 inch	92.93	97.57	102.43	107.57	112.93
2-inch	148.69	156.11	163.89	172.11	180.69
3-inch	278.80	292.70	307.30	322.70	338.80
4" & Larger	464.67	487.83	512.17	537.83	564.67
QUANTITY CHARGES					
<i>Billed per hundred cubic feet (hcf)</i>					
Residential	\$10.69	\$11.22	\$11.78	\$12.37	\$12.99
Commercial					
C-1 Light Commercial	9.93	10.43	10.95	11.50	12.08
C-2 Medium Commercial	10.69	11.22	11.78	12.37	12.99
C-3 Heavy Commercial	15.21	15.97	16.77	17.61	18.49
C-4 Special Commercial	19.74	20.73	21.77	22.86	24.00
Governmental	10.69	11.22	11.78	12.37	12.99
Industrial					
I-1 Light Industrial	10.69	11.22	11.78	12.37	12.99
I-2 Industrial Flow	7.68	8.06	8.46	8.88	9.32
COD per lb	0.59	0.62	0.65	0.68	0.71
SS per lb	1.22	1.28	1.34	1.41	1.48

Residential Quantity Charges are billed based on average metered water use from two bi-monthly billing periods during wet weather months between either Nov-Mar or Dec-Apr.

Non-Residential Quantity Charges are billed based on metered water use during each billing period.

Note: 1 hcf = 100 cubic feet or approximately 748 gallons.

Table 2
San Bruno Wastewater Rate Study
Wastewater Fund Reserves

Account Title	As of June 30					
	2017	2018	2019	2020	2021	2022
						Preliminary
Cash Reserves & Receivables						
Cash & Investments	\$14,816,937	\$15,016,784	\$26,969,823	\$32,678,555	\$40,790,260	\$46,255,182
Accounts Receivable - Other	1,818,515	2,069,484	2,203,592	2,300,808	2,279,792	2,123,204
Subtotal	16,635,452	17,086,268	29,173,415	34,979,363	43,070,052	48,378,386
Accounts Payable						
Accounts Payable & Accrued Liabilities	(1,254,772)	(1,443,262)	(3,092,063)	(1,601,524)	(1,251,023)	(118,137)
Compensated Absences Current	(15,180)	(17,494)	(11,777)	(15,918)	(18,969)	(12,763)
Compensated Absences Noncurrent	(78,687)	(79,346)	(64,829)	(81,510)	(100,089)	(95,451)
Subtotal	(1,348,639)	(1,540,102)	(3,168,669)	(1,698,952)	(1,370,081)	(226,351)
Net Funds Available for O&M + Capital	15,286,813	15,546,166	26,004,746	33,280,411	41,699,971	48,152,035
Cash & Investments with Fiscal Agent	473,629	27,988,168	17,713,717	8,781,443	3,028,537	1,402,925
<i>Includes 2017 Wastewater Rev Bond Funds</i>						
Total Funds Available for O&M + Capital	15,760,442	43,534,334	43,718,463	42,061,854	44,728,508	49,554,960

Source: City of San Bruno Comprehensive Annual Financial Reports

Note: City built up fund reserves in recent years due to temporary deferral of some major capital improvement projects due to staffing limitations and lead time for design and permitting. City is moving forward with its capital program and anticipated drawing down fund reserves as projects are funded in upcoming years.

Table 3
San Bruno Wastewater Rate Study
Outstanding Debt Service

Fiscal Year Ending	2013 WW Rev Bonds	2017 WW Rev Bonds	Total
2021	\$542,600	\$1,442,850	\$1,985,450
2022	546,800	1,439,050	1,985,850
2023	541,725	1,439,650	1,981,375
2024	544,475	1,439,450	1,983,925
2025	541,225	1,438,200	1,979,425
2026	547,225	1,440,700	1,987,925
2027	546,975	1,441,700	1,988,675
2028	544,975	1,441,200	1,986,175
2029	546,825	1,439,200	1,986,025
2030	547,275	1,440,700	1,987,975
2031	540,675	1,440,450	1,981,125
2032	543,400	1,438,450	1,981,850
2033	-	1,439,700	1,439,700
2034	-	1,438,950	1,438,950
2035	-	1,438,300	1,438,300
2036	-	1,441,900	1,441,900
2037	-	1,439,600	1,439,600
2038	-	1,442,200	1,442,200
2039	-	1,438,200	1,438,200
2040	-	1,437,800	1,437,800
2041	-	1,440,800	1,440,800
2042	-	1,442,000	1,442,000
2043	-	1,441,400	1,441,400
2044	-	1,439,000	1,439,000
2045	-	1,439,800	1,439,800
2046	-	1,438,600	1,438,600
2047	-	1,440,400	1,440,400

Rate Covenant: 1.25x debt service coverage requirement
Optional Redemption starting July 1, 2027

Table 4
San Bruno Wastewater Rate Study
San Bruno Share of Outstanding WQCP Debt

Fiscal Year Ending 30-Jun	1999 SRF Loan C-06-4614-111 18.01%	2007 SRF Loan C-06-4728-110 32.70%	2018 SRF Loan 26.92%	Total
2021	\$589,551	\$458,471	-	\$1,048,022
2022	589,551	458,471	-	1,048,022
2023	589,551	458,471	-	1,048,022
2024	-	458,471	796,976	1,255,447
2025	-	458,471	796,976	1,255,447
2026	-	458,471	796,976	1,255,447
2027	-	458,471	796,976	1,255,447
2028	-	-	796,976	796,976
2029	-	-	796,976	796,976
2030	-	-	796,976	796,976
2031	-	-	796,976	796,976
2032	-	-	796,976	796,976
2033	-	-	796,976	796,976
2034	-	-	796,976	796,976
2035	-	-	796,976	796,976
2036	-	-	796,976	796,976
2037	-	-	796,976	796,976
2038	-	-	796,976	796,976
2039	-	-	796,976	796,976
2040	-	-	796,976	796,976
2041	-	-	796,976	796,976
2042	-	-	796,976	796,976
2043	-	-	796,976	796,976
2044	-	-	-	0

Note: These loans are secured by an agreement with South San Francisco and are not secured by the net revenues of San Bruno's sewer enterprise.

Table 5
San Bruno Wastewater Rate Study
Wastewater Capital Improvement Program

		2022/23			2023/24	2024/25	2025/26	2026/27	5-Yr Total
	Prior Approp	Est. Carryover	New Funding	Total					
Funding Sources									
Wastewater Fund	36,796,000	20,168,000	5,300,000	25,468,000	14,700,000	14,750,000	11,500,000	10,500,000	76,918,000
Wastewater Capital Improvement Projects									
Main Improvement & Replacement Program	13,360,000	8,466,000	1,700,000	10,166,000	7,500,000	11,200,000	3,750,000	6,000,000	38,616,000
Pump Station Improvement & Replacement	10,760,000	5,203,000	100,000	5,303,000					5,303,000
Subtotal Sewer Collection System	24,120,000	13,669,000	1,800,000	15,469,000	7,500,000	11,200,000	3,750,000	6,000,000	43,919,000
Water Quality Control Plant Ongoing Upgrades	12,676,000	1,500,000	500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
WQCP Biosolids Handling Improvements (est) [1]								14,000,000	14,000,000
Total Capital Funding	36,796,000	15,169,000	2,300,000	17,469,000	9,500,000	13,200,000	5,750,000	22,000,000	67,919,000
Estimated Annual Wastewater Capital Expenditures (Excludes Debt-Financing WQCP Biosolids Improvements)									
Sewer Collection System Upgrades [2]				8,784,000	8,784,000	8,784,000	8,784,000	8,784,000	43,920,000
Water Quality Control Plant Upgrades				2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Average Annual Expenditures				10,784,000	10,784,000	10,784,000	10,784,000	10,784,000	53,920,000

Source: City of San Bruno Revised 5-Year Wastewater Capital Program (Updated 11.4.22); budget appropriation required for project contract awards.

1 South San Francisco anticipates financing a biosolids handling improvement project with long-term debt, with a portion allocated to San Bruno

2 Source: Assumes average annual expenditures over the 5-year period for City sewer collection system upgrades.

Table 6 San Bruno Wastewater Cash Flow Projections										
										Working Draft
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Effective Date of Rate Increases		July 1	July 1	July 1	July 1	July 1	July 1	July 1	July 1	July 1
Overall Rate Adjustment	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%
Growth (3/4" Meter Equivalents)		20	20	20	20	20	20	20	20	20
Annual % Change in Billed Sewer Use	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Earnings Rate	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
WQCP Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
City Cost Escalation		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Beginning Unrestricted Fund Rsrvs	\$47,280,000	\$43,137,000	\$39,411,000	\$36,165,000	\$33,429,000	\$30,457,000	\$29,323,000	\$28,557,000	\$28,196,000	\$28,290,000
REVENUES										
Sewer Rate Revenues	19,100,000	20,055,000	21,058,000	22,111,000	23,217,000	24,378,000	25,597,000	26,877,000	28,221,000	29,350,000
Connection & Capacity Fees	100,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
Investment Income	600,000	863,000	788,000	723,000	669,000	609,000	586,000	571,000	564,000	566,000
Other/Miscellaneous	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Revenues	<u>19,820,000</u>	<u>21,070,000</u>	<u>21,998,000</u>	<u>22,986,000</u>	<u>24,038,000</u>	<u>25,139,000</u>	<u>26,335,000</u>	<u>27,600,000</u>	<u>28,937,000</u>	<u>30,068,000</u>
EXPENSES										
<u>Operating & Maintenance</u>										
Salaries & Benefits	2,586,000	2,689,000	2,797,000	2,909,000	3,025,000	3,146,000	3,272,000	3,403,000	3,539,000	3,681,000
Less Capitalized Project Staffing	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Supplies & Services	1,295,000	1,347,000	1,401,000	1,457,000	1,515,000	1,576,000	1,639,000	1,705,000	1,773,000	1,844,000
Wastewater Treatment SSF	3,957,000	4,115,000	4,280,000	4,451,000	4,629,000	4,814,000	5,007,000	5,207,000	5,415,000	5,632,000
Internal Charges	2,811,000	2,923,000	3,040,000	3,162,000	3,288,000	3,420,000	3,557,000	3,699,000	3,847,000	4,001,000
Vehicle & Equip Replacement	0	200,000	208,000	216,000	225,000	234,000	243,000	253,000	263,000	274,000
Subtotal	<u>10,149,000</u>	<u>10,774,000</u>	<u>11,226,000</u>	<u>11,695,000</u>	<u>12,182,000</u>	<u>12,690,000</u>	<u>13,218,000</u>	<u>13,767,000</u>	<u>14,337,000</u>	<u>14,932,000</u>
<u>Debt Service</u>										
2013 Wastewater Bonds	542,000	544,000	541,000	547,000	547,000	545,000	547,000	547,000	541,000	543,000
2017 Wastewater Bonds	1,440,000	1,439,000	1,438,000	1,441,000	1,442,000	1,441,000	1,439,000	1,441,000	1,440,000	1,438,000
Share of WQCP Debt, Subordinate	1,048,000	1,255,000	1,255,000	1,255,000	1,255,000	797,000	797,000	797,000	797,000	797,000
Share of New WQCP Debt, Projected	0	0	0	0	800,000	800,000	800,000	800,000	800,000	800,000
Subtotal All Debt	<u>3,030,000</u>	<u>3,238,000</u>	<u>3,234,000</u>	<u>3,243,000</u>	<u>4,044,000</u>	<u>3,583,000</u>	<u>3,583,000</u>	<u>3,585,000</u>	<u>3,578,000</u>	<u>3,578,000</u>
<u>Other Non-Operating</u>										
	Assumes total 5-year capital expenditures are spread evenly over the first 5 years					Future capital expenditures are projected at \$10 million per year with 3% cost escalation				
City Sewer System Capital Projects	8,784,000	8,784,000	8,784,000	8,784,000	8,784,000	7,500,000	7,725,000	7,957,000	8,196,000	8,442,000
City Share of WPCP Capital Projects	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,500,000	2,575,000	2,652,000	2,732,000	2,814,000
Subtotal	<u>10,784,000</u>	<u>10,784,000</u>	<u>10,784,000</u>	<u>10,784,000</u>	<u>10,784,000</u>	<u>10,000,000</u>	<u>10,300,000</u>	<u>10,609,000</u>	<u>10,928,000</u>	<u>11,256,000</u>
Total Expenses	<u>23,963,000</u>	<u>24,796,000</u>	<u>25,244,000</u>	<u>25,722,000</u>	<u>27,010,000</u>	<u>26,273,000</u>	<u>27,101,000</u>	<u>27,961,000</u>	<u>28,843,000</u>	<u>29,766,000</u>
Revenues Less Expenses	(4,143,000)	(3,726,000)	(3,246,000)	(2,736,000)	(2,972,000)	(1,134,000)	(766,000)	(361,000)	94,000	302,000
Ending Unrestricted Fund Balances	43,137,000	39,411,000	36,165,000	33,429,000	30,457,000	29,323,000	28,557,000	28,196,000	28,290,000	28,592,000
Min Rsrv Target: 50% O&M&D + \$5M	11,590,000	12,010,000	12,230,000	12,470,000	13,110,000	13,140,000	13,400,000	13,680,000	13,960,000	14,260,000
Debt Service Coverage										
On Parity Debt (Min≥1.25)	4.88	5.19	5.44	5.68	5.96	6.27	6.60	6.96	7.37	7.64
On Total Debt Incl Subord SSF Debt Pymts	3.19	3.18	3.33	3.48	2.93	3.47	3.66	3.86	4.08	4.23
Pay-Go Funding Generated for CIP	6,641,000	7,058,000	7,538,000	8,048,000	7,812,000	8,866,000	9,534,000	10,248,000	11,022,000	11,558,000

Table 7
San Bruno Wastewater Rate Study
Historical Sewer Use by Rate Class

Bi-Monthly Period	Jul/Aug	Sep/Oct	Nov/Dec	Jan/Feb	Mar/Apr	May/June	Total	% of Ttl
2019/20 Sewer Use (hcf)								
RESIDENTIAL								
<i>Based on prior year winter water use</i>								
SEWR1	151,990	151,670	153,270	151,514	151,980	151,424	911,848	77.7%
SEWR1L	<u>4,928</u>	<u>5,516</u>	<u>5,640</u>	<u>5,800</u>	<u>5,708</u>	<u>5,844</u>	<u>33,436</u>	<u>2.8%</u>
Subtotal	156,918	157,186	158,910	157,314	157,688	157,268	945,284	80.6%
COMMERCIAL/OTHER								
C-1 Light Comm	2,269	2,689	2,418	2,175	2,087	1,789	13,427	1.1%
C-2 Medium Comm	18,253	20,759	17,189	14,164	11,496	9,905	91,766	7.8%
C-3 Heavy Comm	13,785	14,098	13,481	12,580	8,024	5,976	67,944	5.8%
C-4 Special Comm	16	16	15	14	15	14	90	0.0%
Governmental	11,533	13,627	11,648	3,658	4,463	7,816	52,745	4.5%
Industrial Light	<u>217</u>	<u>171</u>	<u>251</u>	<u>547</u>	<u>252</u>	<u>610</u>	<u>2,048</u>	<u>0.2%</u>
Subtotal	46,073	51,360	45,002	33,138	26,337	26,110	228,020	19.4%
Total	202,991	208,546	203,912	190,452	184,025	183,378	1,173,304	100.0%
2020/21 Sewer Use (hcf)								
RESIDENTIAL								
<i>Based on prior year winter water use</i>								
SEWR1	157,130	156,214	155,940	156,076	156,598	156,450	938,408	80.0%
SEWR1L	<u>5,596</u>	<u>6,132</u>	<u>6,330</u>	<u>6,410</u>	<u>6,538</u>	<u>6,618</u>	<u>37,624</u>	<u>3.2%</u>
Subtotal	162,726	162,346	162,270	162,486	163,136	163,068	976,032	83.2%
COMMERCIAL/OTHER								
C-1 Light Comm	1,700	1,901	2,005	1,974	2,076	2,341	11,997	1.0%
C-2 Medium Comm	12,596	11,722	11,881	10,306	13,431	14,497	74,433	6.3%
C-3 Heavy Comm	8,761	8,693	9,051	7,388	8,893	10,244	53,030	4.5%
C-4 Special Comm	25	21	16	18	20	19	119	0.0%
Governmental	12,014	9,621	5,235	2,967	4,235	7,019	41,091	3.5%
Industrial Light	<u>343</u>	<u>333</u>	<u>333</u>	<u>346</u>	<u>400</u>	<u>321</u>	<u>2,076</u>	<u>0.2%</u>
Subtotal	35,439	32,291	28,521	22,999	29,055	34,441	182,746	15.6%
Total	198,165	194,637	190,791	185,485	192,191	197,509	1,158,778	98.8%
2021/22 Sewer Use (hcf)								
RESIDENTIAL								
<i>Based on prior year winter water use</i>								
SEWR1	158,022	158,924	158,792	158,632	158,212	158,032	950,614	81.0%
SEWR1L	<u>6,710</u>	<u>5,648</u>	<u>5,838</u>	<u>5,780</u>	<u>5,936</u>	<u>5,960</u>	<u>35,872</u>	<u>3.1%</u>
Subtotal	164,732	164,572	164,630	164,412	164,148	163,992	986,486	84.1%
COMMERCIAL/OTHER								
C-1 Light Comm	2,215	2,104	2,111	2,313	2,264	2,020	13,027	1.1%
C-2 Medium Comm	15,623	15,249	11,798	12,466	11,638	12,761	79,535	6.8%
C-3 Heavy Comm	10,967	11,961	10,464	10,554	10,894	11,101	65,941	5.6%
C-4 Special Comm	18	18	13	16	17	18	100	0.0%
Governmental	7,062	6,147	2,895	3,229	4,392	5,214	28,939	2.5%
Industrial Light	<u>332</u>	<u>359</u>	<u>376</u>	<u>354</u>	<u>356</u>	<u>393</u>	<u>2,170</u>	<u>0.2%</u>
Subtotal	36,217	35,838	27,657	28,932	29,561	31,507	189,712	16.2%
Total	200,949	200,410	192,287	193,344	193,709	195,499	1,176,198	100.2%

Source: Based on detailed utility billing data files.