

Canal Water, East Whitewater, and West Whitewater and Misson Creek Replenishment Funds Cost of Service Rate Studies

July 9 , 2024



Our Mission

To meet the water-related needs of the people through dedicated employees, providing high quality water at a reasonable cost.

Overview of Cost of Service Studies

- Key Priorities

- Maintain affordability of Water and Replenishment Rates
- Meet operating expenses and reserve requirements
- Include operating and CIP expenses balanced with none or moderate rate impacts
- Review assumptions and validate the FY 2023/24 rates
- Provide a four-year financial forecast and rate recommendations through FY 2027/28

- Actions Taken

- Reviewed revenue sources and sales projections
- Updated expense projections based on the adopted FY 2023/24 budget
 - With annual cost escalation factors
- Leveraged the prudent use of reserves for CIP funding



Canal Fund Five-Year Rate Plan

Rate Component	Adopted	Adopted	Test Year	Forecast	Forecast	Forecast
	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
IWCC (\$/AF)	\$34.32	\$34.32	\$34.32	\$34.32	\$34.32	\$34.32
Water Supply Surcharge (\$/AF)	\$67.80	\$67.80	\$67.80	\$67.80	\$67.80	\$67.80
Construction Water Commodity Charge (\$/AF)	\$51.33	\$51.33	\$86.40	\$86.90	\$87.43	\$87.97
Scheduled Gate Visits (per occurrence)	\$23.53	\$29.60	\$33.93	\$35.46	\$37.06	\$38.73
Unscheduled Gate Visits (per occurrence)	\$47.07	\$59.20	\$67.85	\$70.91	\$74.11	\$77.46
Quagga Surcharge (\$/AF)	\$3.63	\$4.22	\$7.63	\$7.94	\$8.26	\$8.59
Outside ID1 Surcharge (month per acre)	\$4.17	\$4.52	\$4.63	\$4.77	\$4.92	\$5.06
Total Rate for Class 1 Users (IWCC and Quagga) (\$/AF)	\$37.95	\$38.54	\$41.95	\$42.26	\$42.58	\$42.91
Total Rate for Class 2 Users (IWCC, Supply, and Quagga) (\$/AF)	\$105.75	\$106.34	\$109.75	\$110.06	\$110.38	\$110.71



Canal Fund Capital Improvement Plan

Table 3-6
Canal Fund Capital Improvement Plan Summary (in millions)

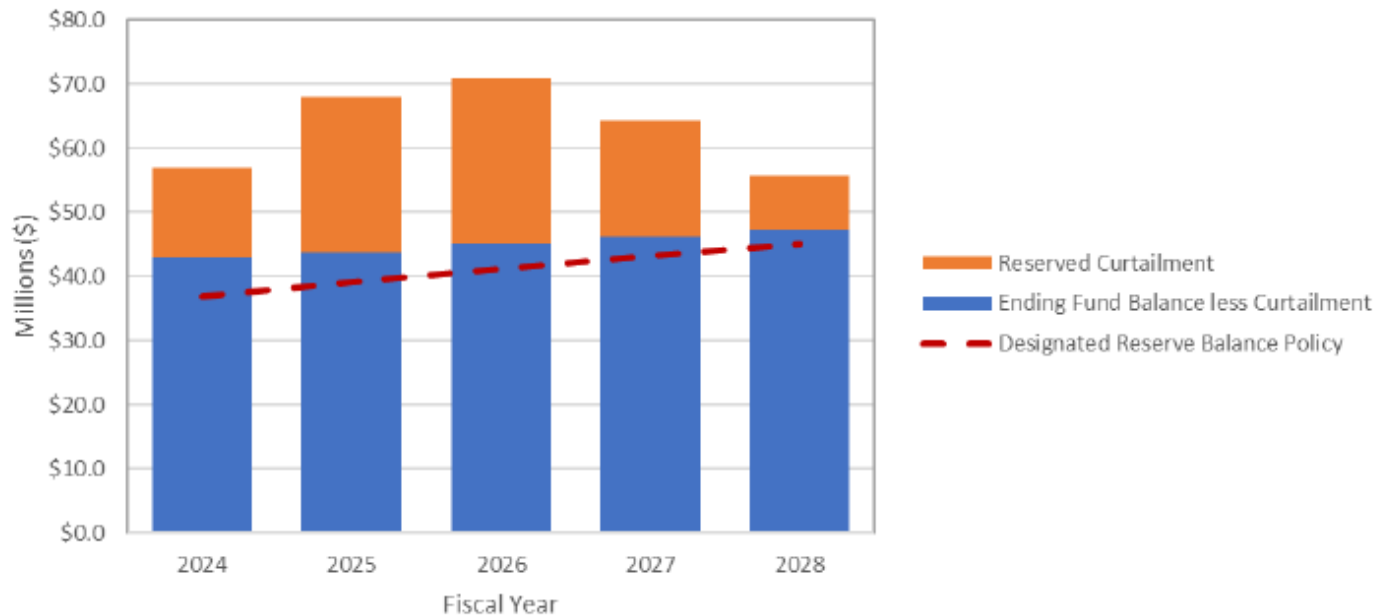
	FY 2024 Budget	FY 2025 Test Year	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
Canal Projects	\$7.53	\$-	\$-	\$-	\$-
Drainage Projects	\$-	\$-	\$0.05	\$2.98	\$3.82
Irrigation Laterals	\$10.86	\$13.13	\$11.92	\$6.96	\$7.80
Total Canal Fund Projects	\$18.39	\$13.13	\$11.97	\$9.94	\$11.62
General District Projects	\$1.24	\$0.94	\$1.01	\$0.71	\$0.30
Motor Pool Contribution	\$0.08	\$0.56	\$0.57	\$0.56	\$0.56
Total Capital Improvement Projects	\$19.71	\$14.63	\$13.55	\$11.21	\$12.48

- Irrigation laterals and mid-canal reservoir projects are funded with two USBR loans totaling \$57.6 million
 - 30-year term at 1.8% interest



Canal Fund Financial Forecast

Figure E-1
Projected Canal Water Fund Balance Under Recommended Rates



FY	Reserve Target	Over / (Under) Designated Target
2024	\$36.78M	\$20.10M
2025	\$39.07M	\$28.82M
2026	\$41.22M	\$29.68M
2027	\$43.13M	\$21.27M
2028	\$44.95M	\$10.87M



East Replenishment Fund Five-Year Rate Plan and Capital Improvement Plan

Rate Component	Adopted	Adopted	Forecast	Forecast	Forecast	Forecast
	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
East Whitewater RAC (\$/AF)	\$72.27	\$72.27	\$74.44	\$76.67	\$78.97	\$81.34
Annual Rate Increase			3%	3%	3%	3%

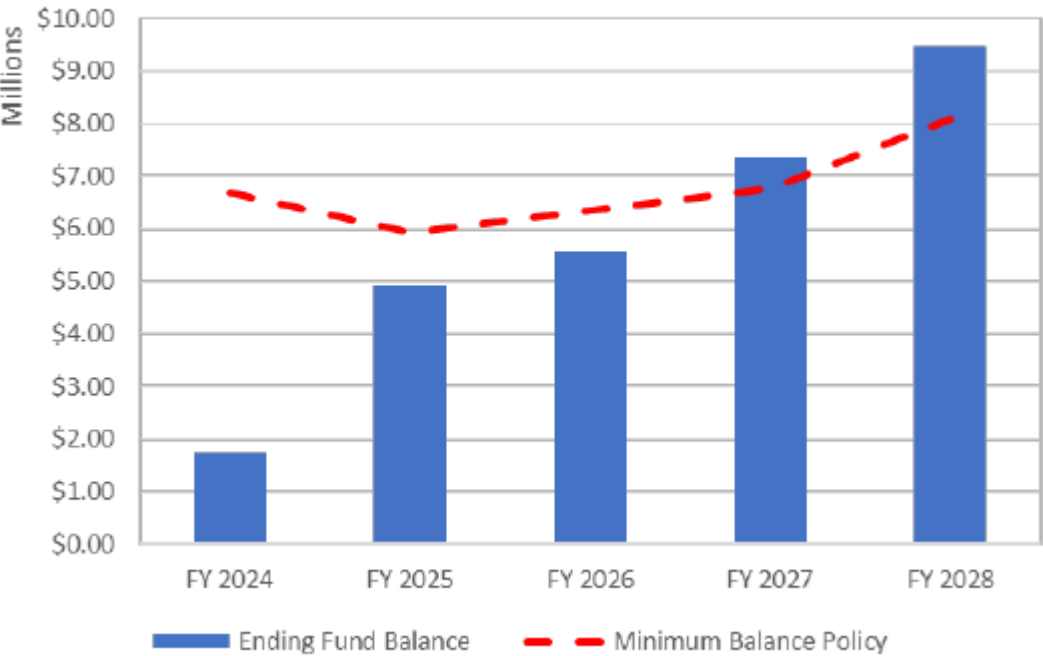
Table 3-9
Projected CIP Costs

	FY 2024 Test Year	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
Oasis In-Lieu Recharge Phase II	\$100,000	\$-	\$-	\$-	\$-
East CIP	\$1,800,000	\$1,740,000	\$770,000	\$-	\$-
General District	\$247,310	\$241,500	\$247,500	\$172,500	\$10,000
Total Projected CIP	\$2,147,310	\$1,981,500	\$1,017,500	\$172,500	\$10,000
PAYGO Funded	\$2,047,310	\$1,981,500	\$1,017,500	\$172,500	\$10,000
Debt Funded	\$100,000	\$-	\$-	\$-	\$-



East Replenishment Fund Financial Forecast

Figure E-1 – East Whitewater Fund Balance Forecast at Recommended RACs



FY	Reserve Target	Over / (Under) Designated Target
2024	\$6.68M	(\$5.48M)
2025	\$5.94M	(\$1.02M)
2026	\$6.34M	(\$777,159)
2027	\$6.77M	\$593,754
2028	\$8.10M	\$1.37M



West Replenishment Fund Five-Year Rate Plan and Capital Improvement Plan

Rate Component	Adopted	Adopted	Forecast	Forecast	Forecast	Forecast
	FY 2024	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
West Whitewater RAC (\$/AF)	\$165.37	\$165.37	\$170.33	\$175.44	\$180.70	\$186.12
Annual Rate Increase			3%	3%	3%	3%

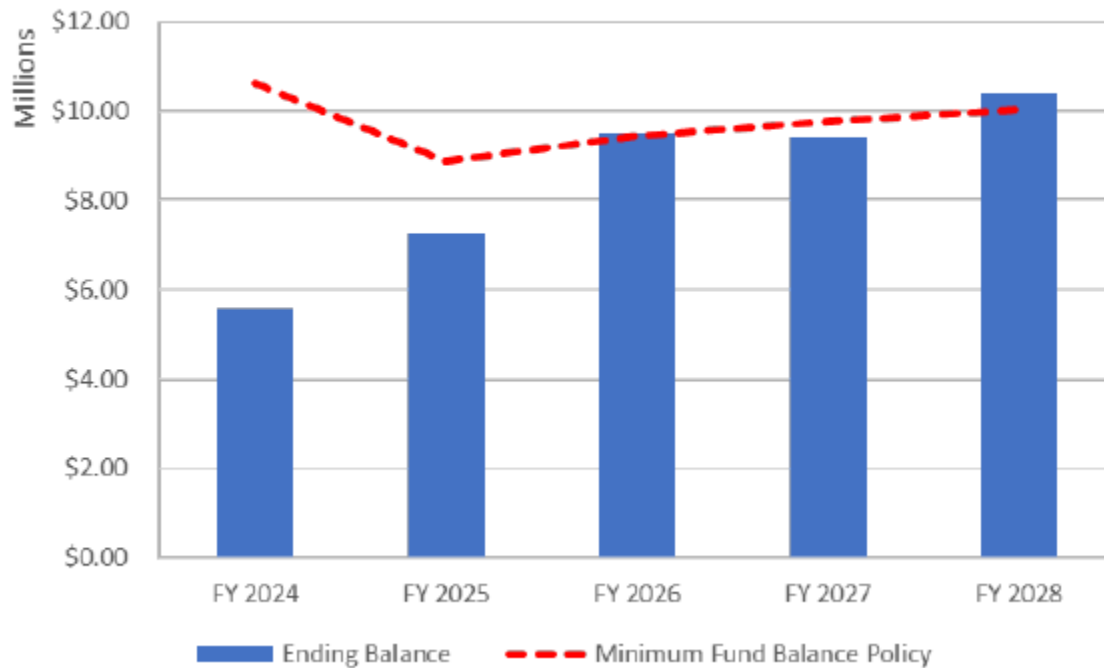
Table 3-8
Projected Capital Improvement Plan

	FY 2024 Budget	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
Palm Desert GRF – Phase II	\$2,000,000	\$5,500,000	\$5,500,000	\$-	\$-
General District	\$211,310	\$201,500	\$202,500	\$172,500	\$10,000
Motor Pool	\$40,383	\$75,990	\$78,270	\$76,500	\$76,740
Total Projected CIP	\$2,251,693	\$5,777,490	\$5,780,770	\$249,000	\$86,740
SWSC Funded	\$2,000,000	\$5,500,000	\$5,500,000	\$-	\$-
PAYGO Funded	\$251,693	\$277,490	\$280,770	\$249,000	\$86,740



West Replenishment Fund Financial Forecast

Figure E-1 – West Whitewater Fund Balance Forecast at Recommended RACs



FY	Reserve Target	Over / (Under) Designated Target
2024	\$10.62M	(\$5.01M)
2025	\$8.88M	(\$916,599)
2026	\$9.45M	(\$11,673)
2027	\$9.77M	(\$8,499)
2028	\$10.05M	\$52,533



Mission Creek Replenishment Fund

Five-Year Rate Plan and Financial Forecast

Table 6-4
Summary of Proposed Mission Creek RAC

	FY 2024 Budget	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
NewGen COSS Rate	\$143.14	\$144.37	\$145.24	\$153.22	\$161.80
NewGen Recommended Rate Increase		0.0%	0.0%	0.0%	0.0%
NewGen Recommended RAC	\$135.52	\$135.52	\$135.52	\$135.52	\$135.52
Ending Fund Balance	\$3,724,577	\$3,685,728	\$3,643,056	\$3,565,348	\$3,449,965
Minimum Fund Balance Policy	\$254,999	\$265,669	\$276,802	\$288,418	\$300,538



Staff Recommendation

- Adopt updated Cost of Service Studies as presented
- Do not issue new Proposition 218 notices
 - Outcome of unresolved litigation may alter projected future rates
 - Current Proposition 218 rates expire on July 1, 2025

