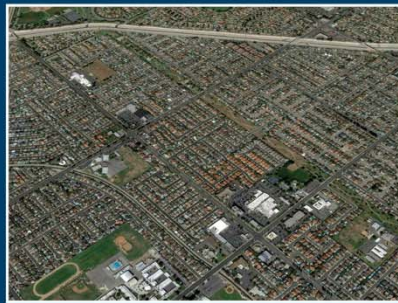


City of

LA PALMA | CALIFORNIA



Water and Sewer Rate Study

January 20, 2016



Financial & Economic Consulting Services

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January 20, 2016

Mr. Mike Belknap
Community Services Director
City of La Palma
1821 Walker Street
La Palma, California 90623

Mr. Belknap,

Willdan Financial Services (“Willdan”) is pleased to present this report on the Water and Sewer Rate Study (“Study”) conducted for the City of La Palma (“City”).

This analysis has been prepared using generally accepted rate study techniques. The City’s accounting, budgeting, customer billing, and capital improvement lists were the primary sources of data used in the study. The conclusions enclosed within this report provide the City with a cost of service based rate structure and planned rate adjustment scenarios to provide funding for continued operations. The focus of this study is to ensure the City will have sufficient water and sewer revenues to meet operational and capital obligations through the projection period and to recommend rate structure changes that correspond with cost of service principles. This report provides a summary of our findings.

It was a pleasure working with you and other staff members at the City. Thank you for the support and cooperation extended throughout the study.

Sincerely,

WILLDAN FINANCIAL SERVICES

A handwritten signature in blue ink, appearing to read 'Robert P. Ryall'.

Robert P. Ryall
Principal Consultant

A handwritten signature in blue ink, appearing to read 'Chris Fisher'.

Chris Fisher
Vice President

Section 1 - Introduction

1.1. Introduction

Willdan Financial Services (“Willdan”) was retained by the City of La Palma, California (“City”) to conduct a Water and Sewer Rate Study (“Study”) for the City’s water and sewer enterprise funds (“Utilities”). This report details the results of the Study for the six-year period FY 2015-2020, the results of which are presented in this Study Report.

The results presented herein consist of a Revenue Sufficiency, Cost of Service review, and Rate Design Analysis for the Utilities (separately for water and sewer). The financial plan (Revenue Sufficiency) was designed to provide revenues sufficient to fund the ongoing operating expenses and capital costs necessary to operate the Utilities, while meeting the financial requirements and goals set forth by the City for the Utilities. The focus of this component of the study is annual revenue increases needed by the Utilities to fund ongoing operating expenses and capital costs.

The cost of service analysis presented herein follows general conformance with the America Water Works Association’s Manual M1; “Principals of Water Rates, Fees, and Charges” for the water system. In developing an equitable rate structure, revenue requirements are allocated to the various customer classifications in proportion to the quantity of service rendered. Allocations of revenue requirements to customer classes should take into account the quantity of water used, the relative peak capacity requirements placed on the water utility, the number and size of services to customers.

Sewer treatment is provided by Orange County Sanitation District. The City’s sewer system is limited to collection service only. The current sewer rate structure consists of a single volumetric rate charged to all sewer customers based on their water usage. Since no treatment related services are included in the sewer rate, only collection service, the practice of charging for sewer service via a consistent volumetric rate is appropriate. As such, no cost of service analysis was needed or prepared for the sewer system.

The Revenue Sufficiency and Cost of Service analysis provide a basis for the review and update of a schedule of water rates that reasonably recovers allocated costs of service. The Rate Design portion of this study considers the findings of the Revenue Sufficiency and Cost of Service analysis in the development of a rate structure that equitably recovers the necessary funding for the Utility.

1.2. Organization of this Report

This Study Report presents an overview of the rate-making concepts employed in the development of the analysis contained herein, followed by a discussion of the data, assumptions and results associated with the analysis. Appendices with detailed schedules are presented for further investigation into the data, assumptions and calculations used in the development of this Study Report. The report is organized as follows:

- Section 1 - Introduction
- Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues
- Section 3 – Revenue Sufficiency Analysis Development and Results
- Section 4 – Cost of Service Analysis Development and Results
- Section 5 – Rate Design
- Section 6 – Bill Comparison
- Section 7 – Conclusions and Recommendations
- Appendix A – Detailed Revenue Sufficiency Analysis Schedules
- Appendix B – Detailed Cost of Service Analysis Schedules
- Appendix C – Detailed Rate Design Schedules

Section 2 - Overview of Utility Rate-Making Principles, Processes and Issues

2.1. Introduction

Rate analyses are typically performed every few years to ensure that revenues from rates are adequately funding utility operations, maintenance, and future capital needs. In California, rate analyses also require compliance with the cost-of-service principles imposed by Proposition 218 to ensure that rates correlate to how costs are incurred. This rate analysis utilized generally accepted rate-making principles which resulted in the development of rates that are projected to: 1) generate sufficient revenue to meet the financial requirements of the water and sewer utilities, 2) address the need to recover costs from users in a manner which is fair and equitable relative to service provided, and 3) meet the rate design goals of the Utility. A discussion of some of the key principles of rate-making, and how the processes employed herein are guided by those principles, is presented below.

2.2. Discussion of General Rate-Making Principles

While the individual rates for each utility vary based on a variety of factors, the development of rates should be consistent with general rate-making principles set forth in utility rate-making practice and literature. In addition, as the primary goal of the Utility is to provide reliable water and sewer service, the primary goal of this Study was that the rates generate sufficient revenue to provide the Utility with the resources to provide reliable service to the City. The principles by which rate practitioners are guided include designing rates that strike a reasonable balance between several key principles. In general, rates designed should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class
- Comply with California State requirements - Proposition 218 requires that property related fees and charges, such as water and sewer rates, not exceed the reasonable cost of providing the service associated with the fee or charge, and shall also not exceed the proportional cost of the service attributable to the parcel that is subject to the fee or charge. The San Juan Capistrano court ruling further identifies the need for tiered water rates to be based on cost principles.

- Be easy to understand by customers
- Be easy to administer by the utility
- Minimize customer impact

2.3. The Revenue Sufficiency Process

In order to develop rates and charges which generate sufficient revenue to meet the fiscal requirements of the Utility, a determination of the annual rate revenue required must be completed. This rate revenue, combined with other sources of funds, is evaluated to determine whether the total revenue is sufficient to meet those fiscal requirements. This process is typically referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis results in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage), transfers out and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is not sufficient to meet the annual revenue requirements of the system, a series of rate revenue increases are calculated which would be required in order to provide revenue sufficient to meet those needs.

2.4. Cost of Service Analysis

The water cost of service analysis presented herein follows general conformance with The America Water Works Association's (AWWA), in their Manual M1; "Principals of Water Rates, Fees, and Charges" which developed an industry guide to developing cost of service based rates. Developing an equitable rate structure using the principals established in the manual involves allocating revenue requirements to the various customer classifications in proportion to the quantity of service rendered. Allocations of revenue requirements to customer classes should take into account the quantity of water used, the relative peak capacity requirements placed on the water utility, and the number and size of services to customers.

This rate study was performed using AWWA's Manual M1 as a guideline to allocate the costs of providing service to users in order to ensure that the resulting rates are equitable and in compliance with Proposition 218 requirements. The total costs of serving water customers is determined by distributing each of the water utility cost components based upon the water service demands placed on the utility by the City's two water customer classes. The cost of providing sewer collection service is distributed to customers through a single rate to all customers based on their contribution (discharge based on water consumption) to the sewer system. Since there are no treatment related costs recovered in this rate, a single volumetric rate for sewer is appropriate.

2.5. Rate Design Process

The Revenue Sufficiency and Cost of Service process described in the preceding sections provide a basis for the review and update of a schedule of rates that reasonably recovers allocated costs of service. However, other factors such as public reaction, bill impact, and administrative complexity of the rate structure should also be taken into consideration. Within the revenue needs of the system, as forecasted in the Revenue Sufficiency Analysis, and within the boundaries of Cost of Service, there are certain judgments that must be entered into the final choice of rates. Factors such as public reaction to the extent of changes and adjustments, previous rate levels, and local practice in the past should be recognized in making rate adjustments. Additionally, rates should be reasonably simple in application.

Section 3 - Revenue Sufficiency Analysis Development and Results

3.1. Revenue Sufficiency Analysis

3.1.1 General Methodology

In order to develop rates and charges which generate sufficient revenue to meet the fiscal requirements of the Utility, a determination of the annual revenue from rates which, combined with other sources of funds, will provide sufficient funds to meet those fiscal requirements must first be completed. This process is typically referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis resulted in the identification of revenue requirements of the Utility, such as operating expenses, capital expenses (minor and major), and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet requirements. To the extent that the existing revenue stream was not sufficient to meet the annual revenue requirements of the Utility, a series of rate revenue increases were calculated to provide revenue sufficient to meet those needs.

In addition, the Revenue Sufficiency Analysis resulted in the identification of a capital project funding plan for the forecast period which identified the need to fund capital projects in FY 2015-2020 through the use of the Utilities available funds. Scenarios that include a mix of current cash and future debt were reviewed during the study; however, it was decided by City management to not include debt for future capital funding.

The Capital Improvement Plan (CIP), including the timing of projects and estimated costs, was provided by the Utility. Willdan relied on this information and the CIP was fully integrated into the Revenue Sufficiency Analysis.

3.1.2 Data Items

Key data items reviewed, discussed and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the Utility
- FY 2014 Comprehensive Annual Financial Report (CAFR)
- FY 2015 Operating Budget
- Capital Improvements Plan (CIP)
- Customer Billing data adjusted to represent current drought conditions
- General assumptions related to:
 - Customer growth
 - Cost escalation factors
 - New debt (no new debt is assumed as part of the study)

A discussion of the use of each of the above data items is presented below.

3.1.3 Fund Balances Related to the FY 2014 Comprehensive Annual Financial Report (CAFR)

To better understand what funds the Utility had on hand to start the forecast period, a detailed review of the City's financial statements, the fiscal year (FY) 2014 CAFR, was conducted and reviewed with staff. Assumptions were made to estimate the actual funds available to the Utility at the end of FY 2014, and therefore at the beginning of FY2015, based on discussions with staff. A summary of these fund balances, as adjusted for use in this analysis, is presented below in Table 3-1 for both the water and sewer enterprise funds. For the water and sewer systems, the City maintains Operating and Emergency Reserve funds. The Operating funds are intended to support normal day-to-day operations and the Emergency Reserve funds are intended to be used only in emergency situations. The Emergency Reserve funds are established by Municipal Code and require a balance of at least 10% of the replacement value of the respective utility.

Table 3-1 Utility Fund Balances as of June 30, 2014				
Description	Water Fund		Sewer Fund	
	Operating	Emergency Reserve	Operating	Emergency Reserve
Current Assets:				
Cash & Investments	\$ 1,480,796	\$ 3,331,809	\$ 1,706,068	\$ 2,238,687
Receivables:				
Accounts	684,267	0	57,331	0
Interest	352	0	304	0
Loans	0	0	0	0
Due from other governments	248	0	0	0
Subtotal	\$ 2,165,663	\$ 3,331,809	\$ 1,763,703	\$ 2,238,687
Current Liabilities:				
Accounts payable	\$ (492,521)	\$ 0	\$ (80,762)	\$ 0
Due to other govt	0	0	0	0
Salaries Payable	(9,734)	0	(1,702)	0
Retentions Payable	0	0	0	0
Subtotal	\$ (502,255)	\$ 0	\$ (82,464)	\$ 0
Net Beginning Balances (Curr Assets less Current Liabilities - with Adjustments)	\$ 1,663,408	\$ 3,331,809	\$ 1,681,239	\$ 2,238,687

Source - Comprehensive Annual Financial Report Year Ending June 30, 2014

A more detailed presentation of the fund balances presented above is presented in Schedules A-2W and A-2S, for water and sewer funds respectively, in the Appendix.

3.1.4 Budgeted and Projected Revenue and Expenses

Staff provided the fiscal year (“FY”) 2015 Budget, and associated line-item expense detail, as the basis for the projection of financial performance for FY2015. Reported revenue was obtained from the City’s financial statements as well as other documentation provided by staff and was used as the basis for projecting Utility revenue. Projected revenue for FY 2016-2020 was developed assuming no annual growth in customers and, further, by any adopted or projected rate increases during the forecast period. In addition, line-item projected expenses for FY 2016-2020 were developed using cost escalation factors as discussed in Section 3.1.8; General Assumptions.

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Cost escalation factors were reviewed by staff and were used to project line-item costs beyond the 2015 budget. Those factors were applied based on line-item cost classifications.

A summary of the budgeted and projected revenues and expenses are presented below in Tables 3-2 and 3-3, respectively.

Table 3-2						
Utility Revenue Forecast						
Description	FY2015	FY2016 ¹	FY2017	FY2018	FY2019	FY2020
Water Fund:						
Rate Revenue	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764
Miscellaneous Revenue	4,000	4,000	4,000	4,000	4,000	4,000
Interest Earnings	8,000	8,000	11,000	8,000	5,000	3,000
Total	\$ 2,614,000	\$ 2,452,350	\$ 2,654,276	\$ 2,849,221	\$ 3,059,012	\$ 3,285,764
Sewer Fund:						
Rate Revenue	\$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
Miscellaneous Revenue	0	0	0	0	0	0
Interest Earnings	8,000	7,000	4,000	2,000	1,000	0
Total	\$ 244,631	\$ 268,280	\$ 336,763	\$ 417,953	\$ 520,941	\$ 649,927

Note:

1 - The Utility budgeted lower water revenues in FY2016 due to reduced water usage associated with the on-going drought.

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Table 3-3 Utility Operating Expenses						
Description	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Water Fund:						
Water Admin:						
Personnel	\$ 93,400	\$ 79,500	\$ 81,600	\$ 84,048	\$ 86,569	\$ 89,166
Maint. & Operations	141,800	170,000	172,300	176,435	180,669	185,006
Water Production:						
Personnel	151,000	132,800	134,500	138,535	142,692	146,973
Maint. & Operations	1,395,600	1,460,000	1,541,445	1,615,916	1,675,040	1,736,540
Water Transmission:						
Personnel	117,300	96,700	98,600	101,558	104,605	107,743
Maint. & Operations	360,700	391,400	398,000	409,940	422,237	434,905
Water Billing:						
Personnel	280,700	219,300	223,100	229,793	236,687	243,789
Maint. & Operations	126,900	171,400	178,200	182,477	186,856	191,341
Total	\$ 2,667,400	\$ 2,721,100	\$ 2,827,745	\$ 2,938,702	\$ 3,035,355	\$ 3,135,463
Sewer Fund:						
Personnel	\$ 97,100	\$ 83,500	\$ 84,800	\$ 87,344	\$ 89,964	\$ 92,664
Maint. & Operations	149,686	156,000	163,800	165,172	169,135	173,193
Total	\$ 246,786	\$ 239,500	\$ 248,600	\$ 252,516	\$ 259,099	\$ 265,857

A more detailed presentation of the line-item budgeted and projected revenues and expenses for the water and sewer funds is presented in Schedules A-3W, A-4W, A-3S, and A-4S, respectively, in the Appendix.

3.1.5 Capital Improvements Plan (CIP)

The Utility provided Willdan with a forecast of capital requirements for the FY2015 – 2020 forecast period. A summary table of the water and sewer CIP for the FY2015 – 2020 forecast period is presented below in Table 3-4. A more detailed CIP, including the timing and funding source for each respective project, is presented in Schedules A-5W, A-7W, A-5S, and A-7S, respectively for water and sewer, in the Appendix.

Table 3-4 Utility Capital Improvement Program						
Description	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Water Fund (excluding						
Climatec Energy Project)	\$ 92,261	\$ 76,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
Climatec Energy Project	0	625,000	0	0	0	0
Total Water CIP	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
Sewer CIP	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000

3.1.6 Outstanding Debt Service

Many utilities utilized long-term debt to fund capital assets. Debt obligations generally carry some form of covenants associated with the debt that require that a minimum debt service coverage be maintained, or exceeded, in each year of the forecast period. Based on review of the City's financial statements, and confirmed with staff, the Utility does not have any outstanding debt and as a policy does not wish to add future debt to the Utility.

3.1.7 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made with regard to elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

3.1.7.1. Growth

Based on discussion with City staff, it was assumed that there would be no annual growth in the customer base and requisite flows during the forecast period.

3.1.7.2. Operating Projections

For the purposes of forecasting Operating requirements of the Utility, an escalation factor of 3.0% for personnel related expenses is used. Other requirements are projected using an annual escalation factor of 2.4%. City staff provided alternative annual escalation factors for Water Pumping and Purchased Water expenses.

3.1.7.3. Minimum Unrestricted Working Capital Balance – Operating Fund

In order to minimize rate impacts, the Utility has developed a goal of maintaining an unrestricted working capital operating fund reserve amount greater than or equal to approximately 45 days of operating expenses, in addition to the established Emergency Reserve Funds. The analysis presented herein projects a minimum unrestricted working capital operating fund reserve of at least 45 days of operating expenses during the forecast period.

3.1.7.4. Emergency Reserve Funds

The City maintains Emergency Reserve funds for both the water and sewer utilities. The Emergency reserve funds are established by Municipal Code and require a balance of at least 10% of the replacement value of the respective utility. The City provided a February 25, 2014,

report prepared by CivilSource that establishes the replacement values of the water and sewer utilities. It is assumed as part of this study that the replacement values will increase by 2.4% annually. In order to provide funding for the water utility, it is recommended that the water fund Emergency Reserve be reduced to 5% of the water utility's replacement value.

3.1.7.5. Future Debt

Based on the direction of City staff, the Capital Improvement Program is forecasted to be cash funded and no future debt is forecasted during the projection period. It should be noted that for the Water Fund, it is forecasted that the use of Emergency Reserve proceeds will be needed to fund the water Capital Improvement Program and support water operations over the projection period.

3.1.8 Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, the resulting financial plan presented herein is the embodiment of the data, assumptions and review process undertaken with staff in several meetings.

3.1.8.1. Revenue Increases Required

The revenue requirements and financial goals of the Utility during the forecast period necessitate the need for additional revenue in the form of customer revenue increases.

Table 3-5 below presents a summary of the projected customer revenue increases required during the forecast period in order for the Utility to meet its financial goals. It is important to note that the forecasted Water Fund revenue increases assume the availability and use of water Emergency Reserves with the Emergency Reserve requirement reduced from 10% of the water system replacement value to 5% of the water system replacement value.

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Table 3-5
Utility Revenue Increases

Description	FY2015	FY2016 ¹	FY2017	FY2018	FY2019	FY2020
Water Fund						
Water Sales Revenue	\$ 2,602,000	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400
Additional Rate Revenue From Adjustments ² :						
FY2015 @ 0%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY2016 @ 7.5%		73,950	177,480	177,480	177,480	177,480
FY2017 @ 7.5%			95,396	190,791	190,791	190,791
FY2018 @ 7.5%				102,550	205,100	205,100
FY2019 @ 7.5%					110,241	220,483
FY2020 @ 7.5%						118,510
Total Additional Water Rate Revenue	\$ 0	\$ 73,950	\$ 272,876	\$ 470,821	\$ 683,613	\$ 912,364
Total Rate Revenue	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,013	\$ 3,278,764
Other Operating Revenue	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Interest Earnings	8,000	8,000	11,000	8,000	5,000	3,000
Total Operating Revenue	\$ 2,614,000	\$ 2,452,350	\$ 2,654,276	\$ 2,849,221	\$ 3,059,013	\$ 3,285,764
Sewer Fund						
Water Sales Revenue	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631
Additional Rate Revenue From Adjustments:						
FY2015 @ 0%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY2016 @ 25%		24,649	59,158	59,158	59,158	59,158
FY2017 @ 25%			36,974	73,947	73,947	73,947
FY2018 @ 25%				46,217	92,434	92,434
FY2019 @ 25%					57,771	115,542
FY2020 @ 25%						72,214
Total Additional Water Rate Revenue	\$ 0	\$ 24,649	\$ 96,131	\$ 179,322	\$ 283,310	\$ 413,295
Total Rate Revenue	\$ 236,631	\$ 261,280	\$ 332,762	\$ 415,953	\$ 519,941	\$ 649,926
Other Operating Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Earnings	8,000	7,000	4,000	2,000	1,000	0
Total Operating Revenue	\$ 244,631	\$ 268,280	\$ 336,762	\$ 417,953	\$ 520,941	\$ 649,926

Note:

1 - The Utility budgeted lower water revenues in FY2016 due to reduced water usage associated with the on-going drought.

2 - Adjusted for partial year increases.

3.1.8.2. Capital Project Funding

With capital project funding needs projected during the forecast period, it is imperative the Utility develop a financial plan which provides for the full funding of the CIP.

Table 3-6 below presents the summary capital project funding projections, by funding source and by year, for fiscal years 2015 through 2020, considering the Capital Improvement Programs provided by the City for the water and sewer utilities.

A more detailed presentation of the capital project funding plan is presented in Schedule A-6 in the Appendix.

Table 3-6 Capital Improvements Program Funding Plans						
Description	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Water Fund^{1,2}						
Capital Improvement Program	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
Funding Sources:						
Operating Fund	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
New Debt	0	0	0	0	0	0
Sewer Fund						
Capital Improvement Program	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
Funding Sources:						
Operating Fund	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
New Debt	0	0	0	0	0	0

Notes:

- 1 - Excludes \$625,000 Climatec Energy Project
- 2 - Operating Fund includes the transfer in of Emergency Reserve funds

3.2. Summary of the Revenue Sufficiency Analysis

The Revenue Sufficiency Analysis presented herein utilized generally accepted rate-making principles which resulted in the development of a rate plan which is projected to generate sufficient revenue to meet the financial requirements of the Utility during the forecast period.

3.2.1.1. Summary of Revenue Sufficiency Analysis

The resulting financial plan presented herein includes a series of rate revenue increases, presented earlier in Table 3-5. The rate revenue increases provide for funding of projected revenue requirements during the forecast period and provide revenue to meet the financial goals of the Utility as documented in this Report.

The summary of Revenue Sufficiency Analysis is presented below in Tables 3-7 and 3-8 for the water and sewer funds respectively. A more detailed presentation of the financial plan, including fund balance reconciliations for each fund, is presented in Schedules A-1W and A-1S in the Appendix.

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Table 3-7 Forecasted Water Utility Operating Results						
Description	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue from Rates						
Water Sales Revenue	\$ 2,602,000	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400	\$ 2,366,400
Additional Rate Revenue from Adjustments						
FY 2015 @ 0%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY 2016 @ 7.5%		73,950	177,480	177,480	177,480	177,480
FY 2017 @ 7.5%			95,396	190,791	190,791	190,791
FY 2018 @ 7.5%				102,550	205,100	205,100
FY 2019 @ 7.5%					110,241	220,483
FY 2020 @ 7.5%						118,510
Total Additional Rate Revenue	\$ 0	\$ 73,950	\$ 272,876	\$ 470,821	\$ 683,613	\$ 912,364
Total Rate Revenue	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,013	\$ 3,278,764
Other Non Rate Revenue						
Other Operating Revenue	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Interest Earnings	8,000	8,000	11,000	8,000	5,000	3,000
Total Operating Revenue	\$ 2,614,000	\$ 2,452,350	\$ 2,654,276	\$ 2,849,221	\$ 3,059,013	\$ 3,285,764
Expenditures						
Operating Expenses	\$ (2,667,400)	\$ (2,721,100)	\$ (2,827,745)	\$ (3,000,702)	\$ (3,099,215)	\$ (3,201,239)
Net Revenue	\$ (53,400)	\$ (268,750)	\$ (173,470)	\$ (151,480)	\$ (40,202)	\$ 84,525
Non-Operating Expenses:						
Minor Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Projects Funded with Existing Reserves/Current Cash	(92,261)	(701,000)	(195,000)	(465,000)	(250,000)	(95,000)
Transfers Out (Emer. Res)	0	0	(69,412)	(45,994)	(59,814)	(50,740)
Non Operating Expenses	0	0	0	0	0	0
Total Non-Operating Expenses	\$ (92,261)	\$ (701,000)	\$ (264,412)	\$ (510,994)	\$ (309,814)	\$ (145,740)
Transfers In	\$ 0	\$ 1,559,047	\$ 0	\$ 0	\$ 0	\$ 0
Debt Service:						
Existing Revenue Bond Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
New Revenue Bond Debt Service	0	0	0	0	0	0
Total Debt Service for Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Debt Service Coverage						
Debt Service Coverage	NA	NA	NA	NA	NA	NA
Net Cash Flow	\$ (145,661)	\$ 589,297	\$ (437,882)	\$ (662,475)	\$ (350,016)	\$ (61,215)
Fund Balances						
Operating Fund:						
Beginning Year Balance	\$ 1,663,408	\$ 1,517,747	\$ 2,107,044	\$ 1,669,163	\$ 1,006,688	\$ 656,671
Net Income from Operations	(145,661)	589,297	(437,882)	(662,475)	(350,016)	(61,215)
Ending Balance	\$ 1,517,747	\$ 2,107,044	\$ 1,669,162	\$ 1,006,688	\$ 656,672	\$ 595,456
Operating Reserve - Months of O&M	7	9	7	4	3	2
Operating Fund Fund Reserve Target						
Operating Reserve Target - 1.5 Months of O&M	\$ 333,425	\$ 340,138	\$ 353,468	\$ 375,088	\$ 387,402	\$ 400,155
Emergency Replacement - Water:						
Replacement Value	\$ 35,198,220	\$ 36,135,238	\$ 37,703,484	\$ 38,803,368	\$ 40,199,648	\$ 41,414,440
Reserve Requirement (%)	10%	5%	5%	5%	5%	5%
Reserve Requirement (\$)	\$ 3,519,822	\$ 1,806,762	\$ 1,885,174	\$ 1,940,168	\$ 2,009,982	\$ 2,070,722
Beginning Year Balance	\$ 3,331,809	\$ 3,348,809	\$ 1,806,762	\$ 1,885,174	\$ 1,940,168	\$ 2,009,982
Fees Collected	0	0	69,412	45,994	59,814	50,740
Net Transfers	0	(1,559,047)	0	0	0	0
Interest Earnings	17,000	17,000	9,000	9,000	10,000	10,000
Funded Capital Projects	0	0	0	0	0	0
Ending Balance	\$ 3,348,809	\$ 1,806,762	\$ 1,885,174	\$ 1,940,168	\$ 2,009,982	\$ 2,070,722

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Table 3-7 (continued)						
Forecasted Water Utility Operating Results						
Description	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Capital Program Funding						
Annual Capital Needs:						
SCADA	\$ 0	\$ 110,000	\$ 0	\$ 0	\$ 0	\$ 0
Ongoing SCADA Improvements	0	0	0	0	25,000	0
City Yard Reservoir Assessment	0	0	25,000	0	0	0
City Yard Reservoir Rehab	0	0	0	100,000	0	0
City Yard Engineered Pump Suction	0	150,000	0	0	0	0
Water Treatment Feasibility Study	0	0	0	0	0	0
Water Treatment Preliminary Design	0	0	75,000	0	0	0
Water Treatment Engineering	0	0	0	150,000	0	0
Meadowlark Well Pump Replacement	0	0	0	0	75,000	0
Walker Well Pump Replacement	0	0	75,000	0	0	0
Pipeline Condition Assessment	0	40,000	0	0	0	0
Reservoir Coating	0	0	0	0	70,000	0
City Yard Pavement	0	53,500	0	0	0	0
Water Valves & Sewer Manholes	35,881	20,000	20,000	20,000	20,000	20,000
Reservoir Mixers	0	0	0	0	60,000	0
City Yard Fence	0	15,500	0	0	0	0
City Yard Storm Drains	0	46,000	0	0	0	0
Storage Bin Roof	0	12,500	0	0	0	0
Water Master Plan	0	0	0	125,000	0	0
Urban Water Master Plan	0	55,000	0	0	0	0
Water Rate Study	4,700	70,000	0	0	0	75,000
City Yard Modernization Plan	17,000	0	0	0	0	0
Improvements	0	103,500	0	0	0	0
Walker Well Fence	0	25,000	0	0	0	0
Water Billing	0	0	0	70,000	0	0
Climatec Energy Project	0	625,000	0	0	0	0
Other Projects	4,890	0	0	0	0	0
Sedaru Utility Management Project	29,790	0	0	0	0	0
Other Capital Projects	0	0	0	0	0	0
Total Capital Program	\$ 92,261	\$ 1,326,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
Funding Sources:						
Operating Revenue	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
Debt	0	0	0	0	0	0
Total Capital Program Funding	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000

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Table 3-8 Forecasted Sewer Utility Operating Results						
Description	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue from Rates						
Sewer Sales Revenue	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631	\$ 236,631
Additional Rate Revenue from Adjustments						
FY 2015 @ 0%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY 2016 @ 25%		24,649	59,158	59,158	59,158	59,158
FY 2017 @ 25%			36,974	73,947	73,947	73,947
FY 2018 @ 25%				46,217	92,434	92,434
FY 2019 @ 25%					57,771	115,542
FY 2020 @ 25%						72,214
Total Additional Rate Revenue	\$ 0	\$ 24,649	\$ 96,131	\$ 179,322	\$ 283,310	\$ 413,295
Total Rate Revenue	\$ 236,631	\$ 261,280	\$ 332,762	\$ 415,953	\$ 519,941	\$ 649,926
Other Non Rate Revenue						
Other Operating Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Earnings	8,000	7,000	4,000	2,000	1,000	0
Total Operating Revenue	\$ 244,631	\$ 268,280	\$ 336,762	\$ 417,953	\$ 520,941	\$ 649,926
Expenditures						
Operating Expenses	\$ (246,786)	\$ (239,500)	\$ (248,600)	\$ (252,516)	\$ (259,099)	\$ (265,857)
Net Revenue	\$ (2,155)	\$ 28,780	\$ 88,162	\$ 165,437	\$ 261,842	\$ 384,069
Non-Operating Expenses:						
Minor Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Projects Funded with Existing Reserves/Current Cash	(297,002)	(441,300)	(450,000)	(285,000)	(285,000)	(285,000)
Transfers Out (Emer. Res)	0	(157,961)	(90,178)	(92,500)	(78,532)	(79,729)
Non Operating Expenses	0	0	0	0	0	0
Total Non-Operating Expenses	\$ (297,002)	\$ (599,261)	\$ (540,178)	\$ (377,500)	\$ (363,532)	\$ (364,729)
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Debt Service:						
Existing Revenue Bond Debt Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
New Revenue Bond Debt Service	0	0	0	0	0	0
Total Debt Service for Coverage	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Debt Service Coverage						
Debt Service Coverage	NA	NA	NA	NA	NA	NA
Net Cash Flow	\$ (299,157)	\$ (570,481)	\$ (452,015)	\$ (212,063)	\$ (101,690)	\$ 19,341

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Description	Table 3-8 (continued) Forecasted Sewer Utility Operating Results					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fund Balances						
Operating Fund:						
Beginning Year Balance	\$ 1,681,239	\$ 1,382,082	\$ 811,601	\$ 359,586	\$ 147,523	\$ 45,834
Net Income from Operations	(299,157)	(570,481)	(452,015)	(212,063)	(101,690)	19,341
Ending Balance	\$ 1,382,082	\$ 811,601	\$ 359,586	\$ 147,523	\$ 45,834	\$ 65,175
Operating Reserve - Months of O&M	67	41	17	7	2	3
Operating Fund Fund Reserve Target						
Operating Reserve Target - 1.5 Months of O&M	\$ 30,848	\$ 29,938	\$ 31,075	\$ 31,565	\$ 32,387	\$ 33,232
Emergency Replacement - Water:						
Replacement Value	\$ 23,329,570	\$ 24,186,482	\$ 25,208,257	\$ 26,263,255	\$ 27,178,574	\$ 28,115,859
Reserve Requirement (%)	10%	10%	10%	10%	10%	10%
Reserve Requirement (\$)	\$ 2,332,957	\$ 2,418,648	\$ 2,520,826	\$ 2,626,326	\$ 2,717,857	\$ 2,811,586
Beginning Year Balance	\$ 2,238,687	\$ 2,249,687	\$ 2,418,648	\$ 2,520,826	\$ 2,626,326	\$ 2,717,857
Fees Collected	0	157,961	90,178	92,500	78,532	79,729
Net Transfers	0	0	0	0	0	0
Interest Earnings	11,000	11,000	12,000	13,000	13,000	14,000
Funded Capital Projects	0	0	0	0	0	0
Ending Balance	\$ 2,249,687	\$ 2,418,648	\$ 2,520,826	\$ 2,626,326	\$ 2,717,857	\$ 2,811,586
Capital Program Funding						
Annual Capital Needs:						
Sewer Deficiency Repairs	\$ 120,000	\$ 250,000	\$ 250,000	\$ 120,000	\$ 120,000	\$ 120,000
Water Valves & Sewer Manholes	30,000	30,000	30,000	30,000	30,000	30,000
Grease & Encrustation Removal	75,000	75,000	75,000	75,000	75,000	75,000
Sewer System Evaluation & CCTV REVIEW (50,000	60,000	60,000	60,000	60,000	60,000
Sedaru Utility Management Software	0	0	35,000	0	0	0
City Yard Fence	0	3,100	0	0	0	0
Storage Bin Roof	0	2,500	0	0	0	0
City Yard Interior Improvements	0	20,700	0	0	0	0
Other Projects	22,002	0	0	0	0	0
Total Capital Program	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
Funding Sources:						
Operating Revenue	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
Debt	0	0	0	0	0	0
Total Capital Program Funding	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000

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In the preparation of this analysis, Willdan Financial Services relied upon financial, statistical, and operating data regarding the Utility which was taken from the books of record and accounts prepared by or for the City, information provided by the management and staff of the City and others, and certified statements of the independent auditors for the City. While Willdan believes such sources to be reliable, it does not verify the accuracy of any of the information furnished by and obtained from such sources as part of this engagement.

Furthermore, this report and findings are prepared for the sole use of the City of La Palma, California in connection with the water and sewer funds and are not intended for distribution or use of any third party.

Section 4 - Cost of Service Analysis Development and Results

4.1. General

The water cost of service analysis presented herein follows general conformance with the America Water Works Association's Manual M1; "Principals of Water Rates, Fees, and Charges". In developing an equitable rate structure using the Base Extra Capacity method, revenue requirements are allocated to the various customer classifications in proportion to the quantity of service rendered. Allocations of revenue requirements to customer classes take into account the quantity of water used, the relative peak capacity requirements placed on the System, and the number and size of services to customers within each class.

Sewer treatment is provided by Orange County Sanitation District. The City's sewer system is limited to collection service only. The current sewer rate structure consists of a single volumetric rate charged to all sewer customers based on their water usage. Since no treatment related services are included in the sewer rate, only collection service, the practice of charging for sewer service via a consistent volumetric rate is appropriate. As such, no cost of service analysis was needed or prepared for the sewer system.

4.2. Allocation of Cost Components

The cost of water service may be analyzed by system function in order to properly allocate the costs to the various classes of customers. Costs of service are first determined by function and then further separated into the following four basic cost components: (1) "Base"; (2) "Extra Capacity"; (3) "Customer"; and (4) "Fire Flow". Base costs are those that vary directly with the quantity of water used, as well as those costs associated with serving customers under average load conditions without the elements necessary to meet water use variations or peak demands. Base costs include operating and capital related costs of the System, or portions thereof, associated with service required for a constant or average annual rate of use.

Extra Capacity costs represent those operating costs incurred in meeting demands in excess of average, and capital related costs for additional plant and system capacity beyond that required for the average rate of use.

Customer costs are defined as those that tend to vary in proportion to the number of customers connected to the system. These include meter reading, billing, collecting and accounting, and maintenance and capital costs associated with meters and services.

Fire Flow costs are those costs associated with the provision of fire protection services, such as private sprinklers. These costs are related to the ability to provide service in the case of a fire related event.

The separation of costs of service into these four principal categories facilitates the allocation of such costs to the various cost components on the basis of the respective service requirements of each component. Table 4-1 below provides a summary of the allocation methodology employed for each operating cost category of the water utility.

Table 4-1 Cost Component Allocation Factors						
Cost Category	Base	Extra Capacity		Customer		Fire Flow
		Max Day	Max Hour	Meters & Services	Billing & Collection	
Water - SOS	100%	0%	0%	0%	0%	0%
Water - Pump	56%	44%	0%	0%	0%	0%
Water - Treat	56%	44%	0%	0%	0%	0%
Water - T&D ¹	41%	33%	23%	0%	0%	3%
Water - CS ²	0%	0%	0%	50%	50%	0%
Water - Admin	73%	6%	5%	8%	8%	1%

<u>Operating Data:</u>	Flow	Max Day	Max Hour
Average Day Flow (MGD)	1.97	56%	42%
Max Day Flow (MGD)	3.54	44%	34%
Max Hour Flow (MGD)	4.65	0%	24%

Notes:

- 1 - Allocation based on Max Hour with 3% of cost related to Fire Flow (Hydrant Repair costs from budget).
- 2 - Allocated 50/50 Meters & Services/Billing & Collection
- 3 - Allocated based on average of other Cost Category's

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Table 4-2 below provides a summary of the allocation of operating costs using the allocation factors presented above. The Fix and Flow Charge proportions shown in this table are the basis for allocating the test year annual revenue requirement to meter service charges and volume charges. Additional detail with regard to the cost allocations can be found in Appendix B-1.

Table 4-2 Allocation of Water Operating Costs							
Cost Category	Base ¹	Extra Capacity		Customer			Total
		Max Day	Max Hour	Meters & Services	Billing & Collection	Fire Flow	
Water - SOS	\$ 1,592,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,592,800
Water - Pump	0	0	0	0	0	0	0
Water - Treat	0	0	0	0	0	0	0
Water - T&D	199,962	159,361	112,669	0	0	16,107	488,100
Water - CS	0	0	0	195,350	195,350	0	390,700
Water - New Bond DS	0	0	0	0	0	0	0
Water - Admin	180,974	16,087	11,374	19,720	19,720	1,626	249,500
Total	\$ 1,973,736	\$ 175,448	\$ 124,043	\$ 215,070	\$ 215,070	\$ 17,733	\$2,721,100
Allocation for Admin ²	73%	6%	5%	8%	8%	1%	
Fixed Charge Component	\$ 592,121	\$ 0	\$ 0	\$ 215,070	\$ 215,070	\$ 17,733	\$1,039,994
Flow Charge Component	1,381,615	175,448	124,043	0	0	0	1,681,106
Total	\$ 1,973,736	\$ 175,448	\$ 124,043	\$ 215,070	\$ 215,070	\$ 17,733	\$2,721,100
					Fixed Charge Proportion:		38%
					Flow Charge Proportion:		62%

Notes:

1 - 30% allocated to Fix Charge Component

2 - Based on average of total Cost Category

4.3. Distribution of Costs to Customer Classes

The total cost responsibility of each customer class may be estimated by developing unit costs of service for each cost category and assigning those costs to the customer classes based on the respective service requirement of each. To properly recognize the cost of service, each customer class is allocated a share of Base and Extra Capacity (including maximum day and maximum hour) costs.

Unit costs of service are developed by dividing the total cost allocated to each cost component by the total applicable units of service. The customer class responsibility for service is obtained by applying the resultant unit costs of service to the number of units of service for each customer class. This allocation procedure and the resulting proportion of costs to be recovered from each customer class are provided in Table 4-3 below. Additional detail with respect to distribution of costs to customer classes can be found in Appendix B-1.

Customer Class	Annual Flow	Average Daily Flow	Max Day			Max Hour			Total
			Capacity Factor	Total Capacity	Extra Capacity	Capacity Factor	Total Capacity	Extra Capacity	
Residential	570,084	1,562	198%	3,086	1,524	260%	4,054	2,492	
Non-Residential	312,039	855	185%	1,582	727	243%	2,078	1,223	
Total	882,123	2,417		4,668	2,251		6,131	3,715	
Allocated Costs	\$ 1,973,736				\$ 175,448			\$ 124,043	\$ 2,273,227
Billing Units	882,123				2,251			3,715	
Unit Cost	\$ 2.24				\$ 77.94			\$ 33.39	
		Base Cost Allocation		Max Day Extra Capacity Cost Allocation			Max Hour Extra Capacity Cost Allocation		
Residential	570,084	\$ 1,275,554		1,524	\$ 118,809		2,492	\$ 83,216	\$ 1,477,579
Non-Residential	312,039	698,182		727	56,639		1,223	40,826	795,648
Total	882,123	\$ 1,973,736		2,251	\$ 175,448		3,715	\$ 124,043	\$ 2,273,227
							Residential Proportion:		65%
							Non-Residential Proportion:		35%

Section 5 - Rate Design

The revenue requirement and cost of service studies described in the preceding sections of this Report provide a basis for the review and update of a schedule of rates that reasonably recovers allocated costs of the systems. This section of the Report provides supporting detail around the development of the rate structures developed as part of this study.

5.1. Development of Service Charges

Service Charges represent fixed charges of the rate structure that do not vary based on a customer's water consumption. Under the City's current rate structure, these charges are determined based on the customer's meter size. This method of collecting fixed charges is constant with standard rate making practice; however, fixed charges are generally developed and charged based on the American Water Works Association (AWWA) meter equivalencies. These meter equivalencies, as established by AWWA, recognize the potential for greater water availability as meter sizes increase. The Service Charges developed below use AWWA meter equivalencies as the basis for distributing fixed costs to customers. Table 5-1 shows the development of the "Base Meter Rate", which is the rate for 5/8", 3/4", and 1.0" meter sizes. As shown in Table 5-2, the "Base Meter Rate" is multiplied by AWWA meter equivalencies to develop rates for larger meter sizes. Additional detail with respect to the development of service charges can be found in Appendix C-1.

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Table 5-1 Development of Base Service Charges			
Description	Revenue Requirements	Meter Equivalents	Base Meter Rate
Test Year Revenue Requirement ¹ :	\$ 2,543,880		
Fixed Charge Portion ² :	38%		
Fixed Charge Amount:	\$ 972,261		
Less Fire Flow Amount:	(17,733)		
Fixed Charge less Fire:	\$ 954,528		
Allocable to All ^{3,4} :	\$ 200,820	26,224	\$ 7.66
Allocable to Only Residential & Non Residential:	753,708	31,672	23.80
Subtotal	\$ 954,528		\$ 31.46
Allocable to All:			\$ 7.66
Direct Fire Allocation:	17,733	19,626	0.90
Subtotal	\$ 972,261		\$ 8.56

Notes:

1 - Adjusted for mid-year increase; see Table 3-5, FY2016 \$2366400 with 7.5 % rate increase.

2 - See Table 4-2

3 - Primarily Billing & Collection costs

4 - Base Meter Rate developed using total system connections.

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Table 5-2
Service Charge Development

Meter Size	Meter Equivalent	Allocable to All (Billing & Collection)			Direct Costs			Total		
		Residential	Non-Residential	Fire Flow	Residential	Non-Residential	Fire Flow	Residential	Non-Residential	Fire Flow
5/8"	1.00	\$ 7.66	\$ 7.66	\$ 7.66	\$ 23.80	\$ 23.80	\$ 0.90	\$ 31.46	\$ 31.46	\$ 8.56
3/4"	1.00	7.66	7.66	7.66	23.80	23.80	0.90	31.46	31.46	8.56
1.0"	1.00	7.66	7.66	7.66	23.80	23.80	0.90	31.46	31.46	8.56
1.5"	5.00	NA	7.66	7.66	NA	118.99	4.52		126.64	12.18
2.0"	8.00	NA	7.66	7.66	NA	190.38	7.23		198.04	14.89
3.0"	15.00	NA	7.66	7.66	NA	356.96	13.55		364.62	21.21
6.0"	50.00	NA	7.66	7.66	NA	1,189.86	45.18		1,197.52	52.84
8.0"	80.00	NA	NA	7.66	NA	NA	72.28			79.94
10.0"	115.00	NA	NA	7.66	NA	NA	103.91			111.57
12.0"	215.00	NA	NA	7.66	NA	NA	194.27			201.92

5.2. Development of Volume Charges

Volume charges represent components of the rate structure that vary based on a customer's water consumption, generally, the more a customer uses the more the customer will pay. Some volume charge structures, such as the City's existing volume structure, incorporate tiered rates, where the unit rate increases at distinct volume levels (tiers); the more a customer uses the higher the unit volume rate.

This type of structure is known as a conservation rate structure and is commonly implemented in areas with limited or strained water supplies. Given that the unit rate increases as a customer's usage increases, this rate structure provides a price signal encouraging customers to conserve water.

The California court ruling related to San Juan Capistrano challenged whether tiered rate structures comply with Proposition 218 requirements. The courts ruled that all water rates, including tiered rates, must be based on the actual costs incurred.

Given the challenges the San Juan Capistrano ruling has created for tiered rate structures, it was determined that the rate structures developed as part of this study would consolidate existing tiered structures into single volumetric rates for both Residential and Non-Residential customer classes. Table 5-3 provides detail around the development of volumetric rates for both Residential and Non-Residential customer classes. Additional detail with respect to the development of volume rates can be found in Appendix C-2.

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Table 5-3 Development of Volume Rates			
Description	Calculations		
2016 Revenue Requirement:	\$	2,543,880	
Less Fire Flow		(20,153)	
Subtotal	\$	2,523,727	
		Residential	Non-Residential
Cost of Service Allocation ¹		65%	35%
Cost Distribution	\$	1,640,402	\$ 883,325
Less Service Charge Revenue		(783,831)	(168,277)
Subtotal	\$	856,571	\$ 715,048
All Flow (CCF)		455,642	254,969
Volume Rate (\$/CCF)	\$	1.88	\$ 2.81

Notes:

1 - From Cost of Service Allocations Table 4-3

5.3. Rate Recommendations

The proposed water rates follow a similar structure as existing rates which include Service Charges which are fixed charges based on meter size, and Volume Charges which are based on a customer's usage. Modifications to the water rate structure include:

- The developed rates are generally based on the American Water Works Association guidelines which includes allocation of costs to customer classes
- Service Charges are based on meter equivalencies developed by the American Water Works Association
- Volume Charges for Residential customers include a single rate (reduced from a three tier structure)
- Volume Charge for Non-Residential customers consist of a single rate for all consumption (reduced from the previous two tier structure)

The City's existing sewer rate consists of a single volume rate charged to all customers based on their respective water usage. This rate is consistent with the sewer services provided by the City and no change to this structure is proposed.

Table 5-5 below presents the City's existing rates as well as recommended rates for the FY2016 through 2020 projection period. The FY2016 rates incorporate the rate structure changes discussed herein, and are subsequently adjusted for future years based on the Revenue Sufficiency results herein.

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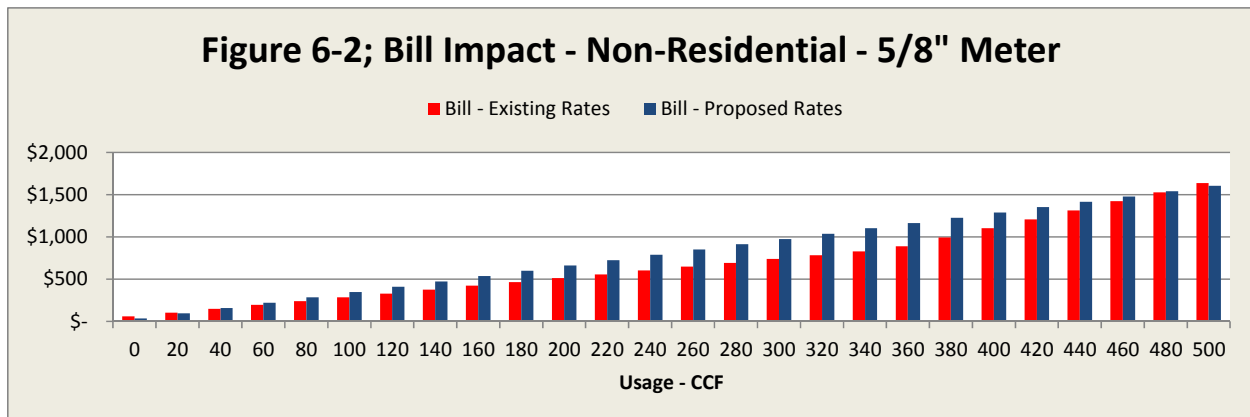
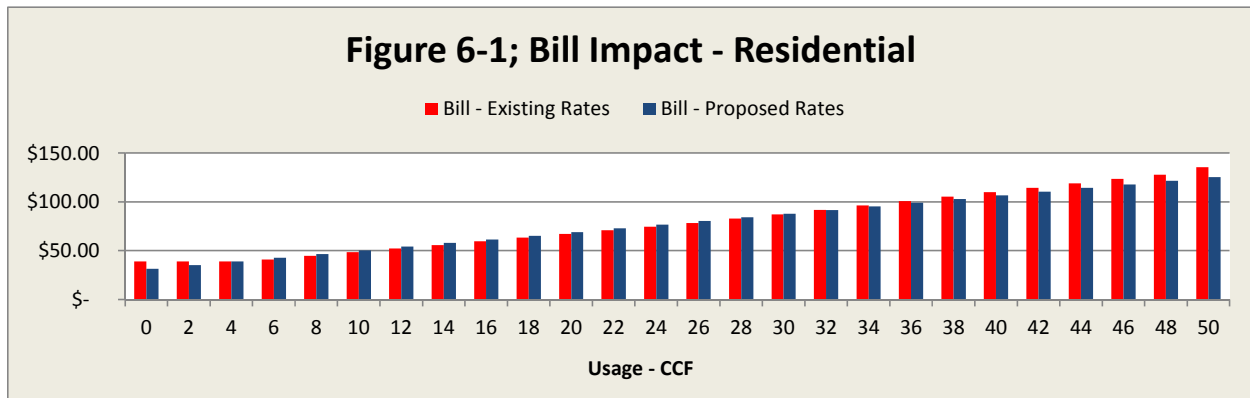
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Table 5-4 Recommended Water and Sewer Rates							
Description	Existing Rates	Description	Proposed Rates				
	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020
Water Rates							
<u>Residential:</u>							
Service Charges:							
5/8"	\$ 39.00		\$ 31.46	\$ 33.82	\$ 36.36	\$ 39.09	\$ 42.03
3/4"	39.00		31.46	33.82	36.36	39.09	42.03
1.0"	39.00		31.46	33.82	36.36	39.09	42.03
Volume Charges:							
Tier 0 (0 - 5 CCF)	\$ 0.00						
Tier 1 (5.01 - 26 CCF)	1.87	All Usage	\$ 1.88	\$ 2.03	\$ 2.19	\$ 2.36	\$ 2.54
Tier 2 (26.01 - 50 CCF)	2.26						
Tier 3 (>50 CCF)	5.09						
<u>Non-Residential:</u>							
Service Charges:							
5/8"	\$ 57.00		\$ 31.46	\$ 33.82	\$ 36.36	\$ 39.09	\$ 42.03
3/4"	57.00		31.46	33.82	36.36	39.09	42.03
1.0"	57.00		31.46	33.82	36.36	39.09	42.03
1.5"	57.00		126.64	136.15	146.37	157.35	169.16
2.0"	80.00		198.04	212.89	228.86	246.03	264.49
3.0"	135.00		364.62	391.97	421.37	452.98	486.96
6.0"	135.00		1,197.52	1,287.34	1,383.90	1,487.70	1,599.28
Volume Charges:							
Tier 1 (95% of Base)	\$ 2.00	All Usage	\$ 2.81	\$ 3.03	\$ 3.26	\$ 3.51	\$ 3.78
Tier 2 (5% of Base)	5.09						
<u>Fire Flow:</u>							
Service Charges:							
5/8"	\$ 36.00		\$ 8.56	\$ 9.21	\$ 9.91	\$ 10.66	\$ 11.46
3/4"	36.00		8.56	9.21	9.91	10.66	11.46
1.0"	36.00		8.56	9.21	9.91	10.66	11.46
1.5"	36.00		12.18	13.09	14.08	15.14	16.28
2.0"	36.00		14.89	16.01	17.22	18.52	19.91
3.0"	36.00		21.21	22.81	24.53	26.37	28.35
6.0"	36.00		52.84	56.80	61.06	65.64	70.57
8.0"	36.00		79.94	85.94	92.39	99.32	106.77
10.0"	36.00		111.57	119.94	128.94	138.62	149.02
12.0"	36.00		201.92	217.07	233.36	250.87	269.69
Sewer Rates							
All Usage	\$ 0.27		\$ 0.34	\$ 0.43	\$ 0.54	\$ 0.68	\$ 0.85

Section 6 - Customer Impact

In order to provide a review of the impact the proposed rates will have on customers, a comparison of bills under existing rates and under proposed rates was completed for the City’s two customer classes; Residential and Non-Residential/Multi-Family. The comparison below provides customer’s bills, using existing and proposed rates, at varying levels of usage. For Non-Residential/Multi-Family, existing bills vary for each customer based on their meter size and Base Usage (Base Usage is used under existing rates to establish the tier differential for Non-Residential/Multi-family customers). As such, for Non-Residential/Multi-Family, the bill comparisons are completed for each meter size using the average Base Units for the respective meter size.



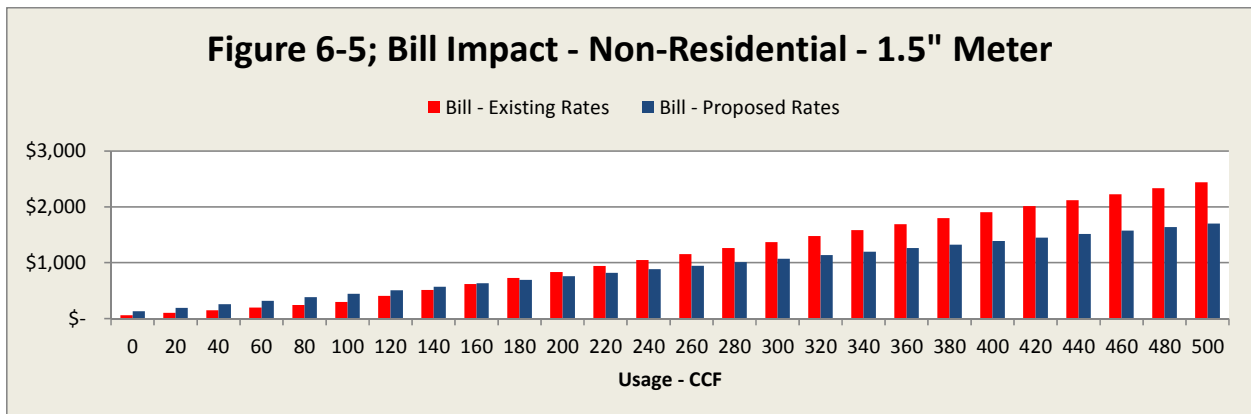
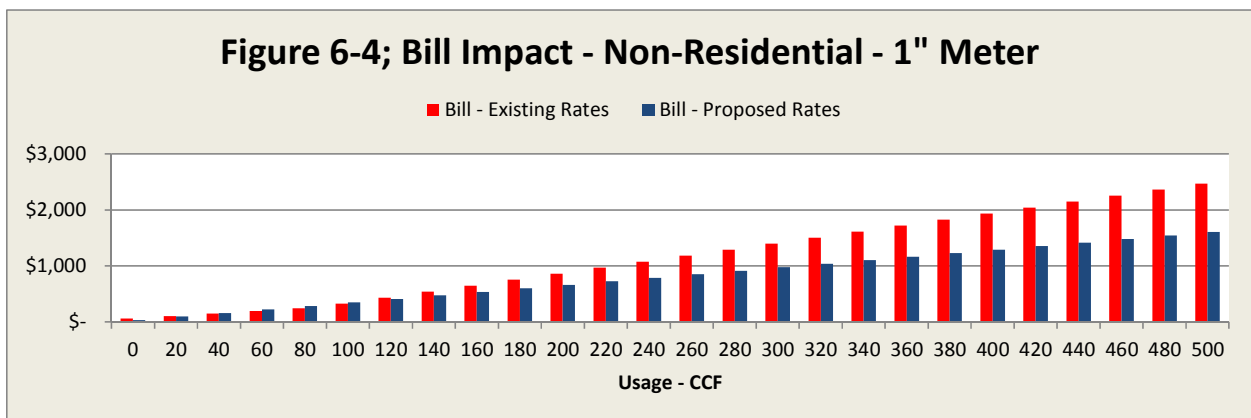
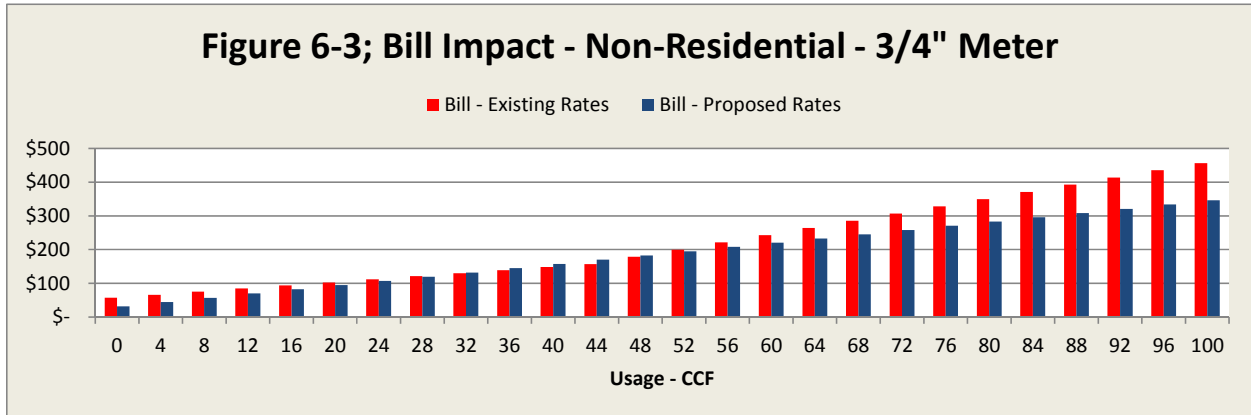


Figure 6-6; Bill Impact - Non-Residential - 2.0" Meter

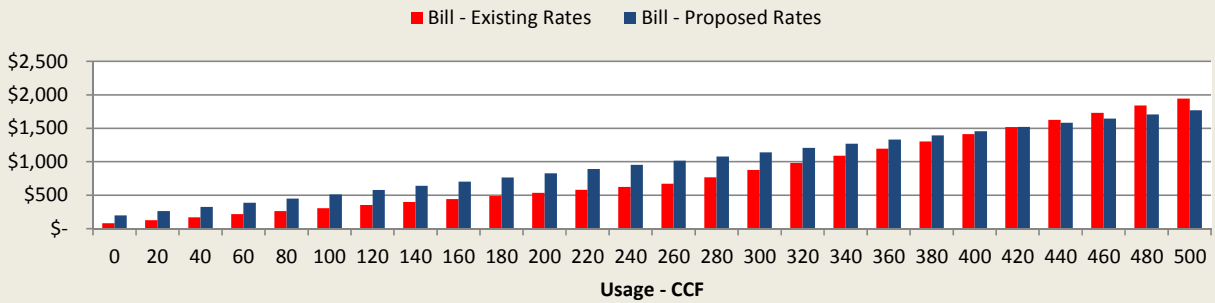


Figure 6-7; Bill Impact - Non-Residential - 3.0" Meter

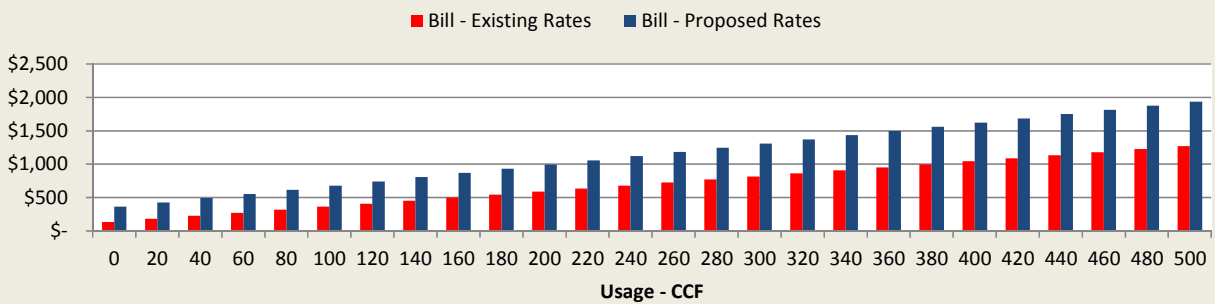
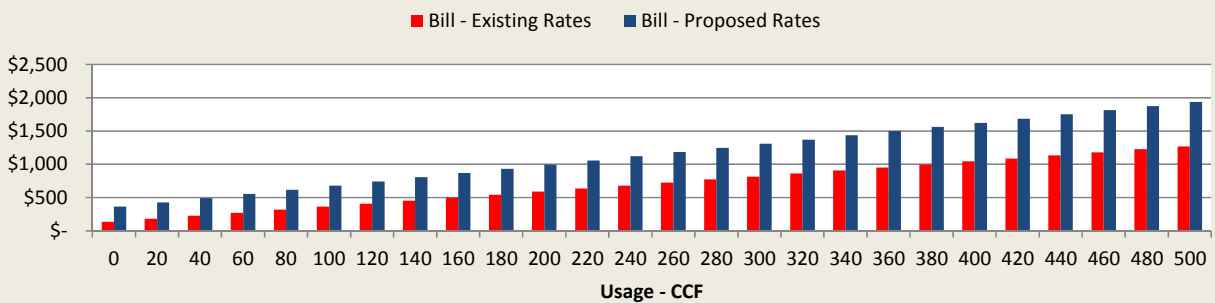
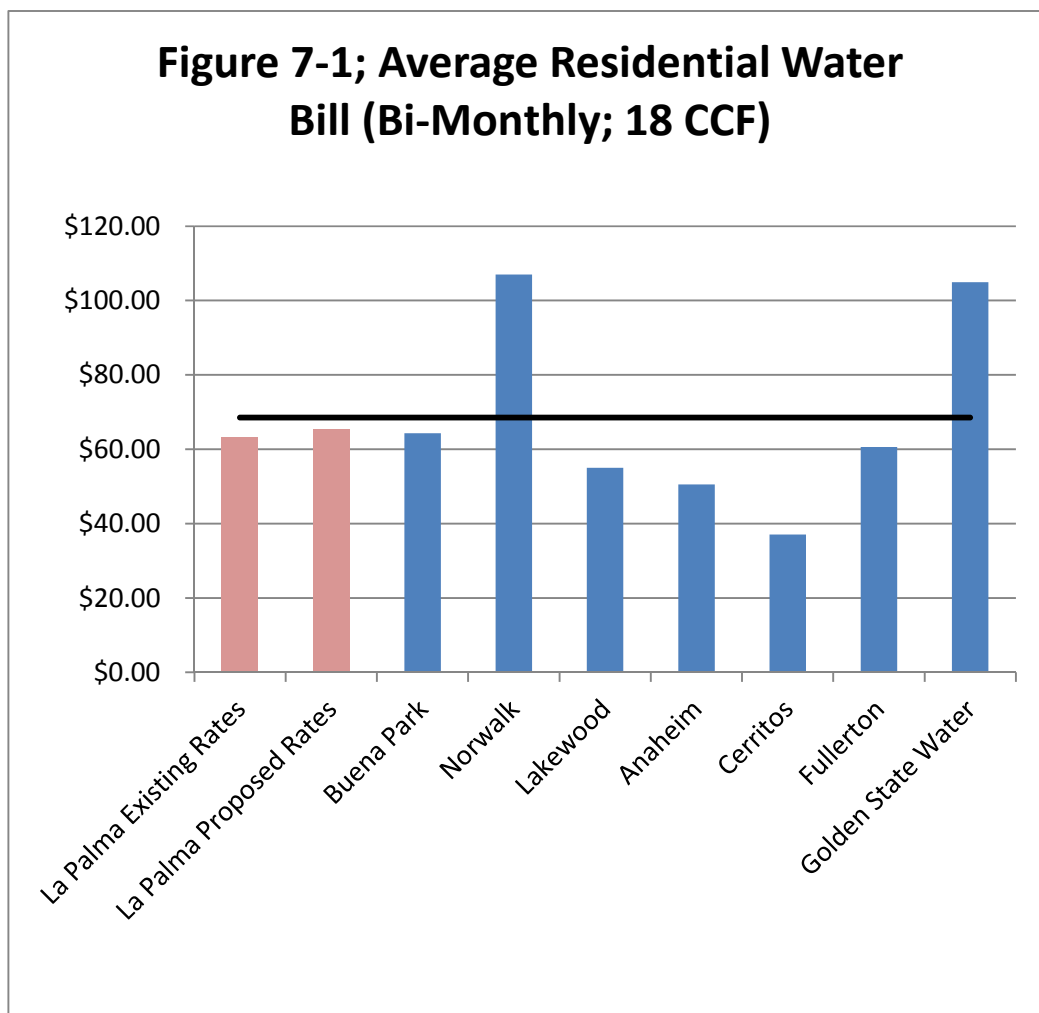


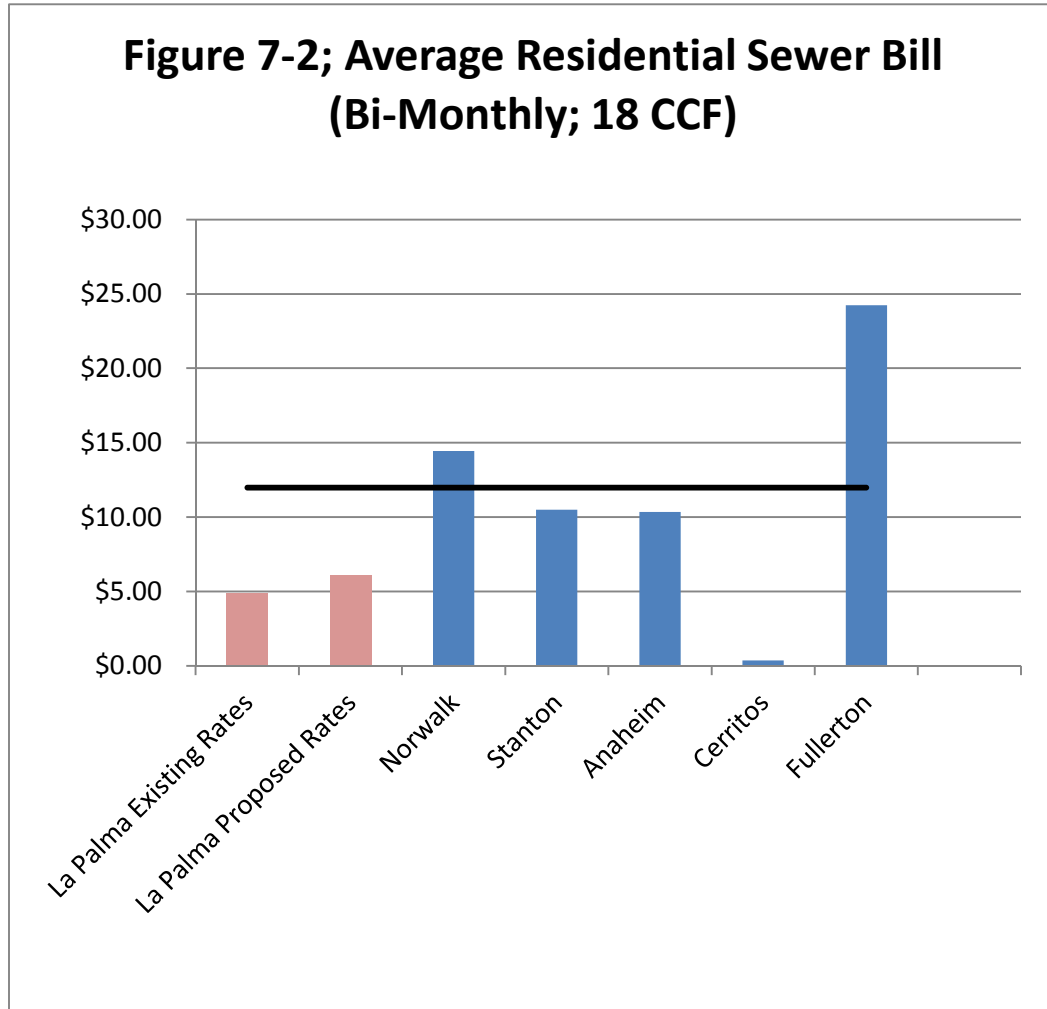
Figure 6-8; Bill Impact - Non-Residential - 6.0" Meter



Section 7 - Bill Comparison

While operational structures and facilities vary greatly between water and sewer systems, as do financial dynamics and policies such as levels of funding associated with routine rehabilitation and replacement of aging system components, levels of borrowing, and funding of reserves. Rate comparisons provide stakeholders a nominal barometer of the proposed rates in relation to surrounding or similar communities. Figures 6-1 and 6-2 below provide the estimated monthly bill for a Residential water and sewer, respectively, customer in comparison to other local communities.





Section 8 - Conclusions and Recommendations

8.1. Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, City staff and are based upon reasonable projections.
- The projected capital project expenses have been developed by City staff to address Utility system capital needs over the forecast period.
- Based on the conclusions above, we are of the opinion that the financial projections presented herein demonstrate the Utility's ability to meet its obligations with regard to:
 - Operating expenses,
 - Non-operating expenses,
 - Capital project expenses, and
 - Key financial policies, including:
 - Generating and maintaining an unrestricted operating reserve balance in an amount at least equal to 45 days of operating expenses,
 - Maintaining a water Emergency Reserve level of 5% of the water system replacement value
 - Maintaining a sewer Emergency Reserve level of 10% of the water system replacement value

8.2. Recommendations

- It is recommended that the City implement the proposed rates and charges presented in this Report for FY2016 through FY2020, effective February 1, 2016 for FY2016 and effective January 1 of the remaining fiscal years.
- It is recommended that the City reduce the water Emergency Reserve fund requirement from 10% of the water system replacement value to 5% of the water system replacement value with the excess of these proceeds being deposited in the water operating fund.
- It is recommended that the City update the revenue sufficiency analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.

Appendix

City of La Palma
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

Line No	Reference	2015	2016	2017	2018	2019	2020
Operating Fund							
1	Water and Sewer Rate Revenue Increases % of Year Rate Increase Effective	0.00% 50.00%	7.50% 41.67%	7.50% 50.00%	7.50% 50.00%	7.50% 50.00%	7.50% 50.00%
2	Beginning Unrestricted Fund Balance	Sch A - 2, Line 13 \$ 1,663,408	\$ 1,517,747	\$ 2,107,044	\$ 1,669,163	\$ 1,006,688	\$ 656,671
3	Rate Revenue 1	Sch A - 3, Line 2 \$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764
4	Rate Revenue 2	Sch A - 3, Line 3	-	-	-	-	-
5	Rate Revenue 3	Sch A - 3, Line 4	-	-	-	-	-
6	Rate Revenue 4	Sch A - 3, Line 5	-	-	-	-	-
7	Rate Revenue 5	Sch A - 3, Line 6	-	-	-	-	-
8	Rate Revenue 6	Sch A - 3, Line 7	-	-	-	-	-
9	Rate Revenue 7	Sch A - 3, Line 8	-	-	-	-	-
10	Rate Revenue 8	Sch A - 3, Line 9	-	-	-	-	-
11	Rate Revenue 9	Sch A - 3, Line 10	-	-	-	-	-
12	Rate Revenue 10	Sch A - 3, Line 11	-	-	-	-	-
13	Total Rate Revenue	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764
14	Other Operating Revenue	Sch A - 3, Line 12 4,000	4,000	4,000	4,000	4,000	4,000
15	Interest Income - Operating Fund	Calc 8,000	8,000	11,000	8,000	5,000	3,000
16	Total Operating Revenue	\$ 2,614,000	\$ 2,452,350	\$ 2,654,276	\$ 2,849,221	\$ 3,059,012	\$ 3,285,764
17	Operating Expenses	Sch A - 4, Line 2 (2,667,400)	(2,721,100)	(2,827,745)	(3,000,702)	(3,099,215)	(3,201,239)
18	Net Revenue	\$ (53,400)	\$ (268,750)	\$ (173,469)	\$ (151,481)	\$ (40,203)	\$ 84,525
Plus:							
<u>Other Sources of Funds</u>							
19	Transfers In	Sch A - 3, Line 13	-	1,559,047	-	-	-
Less:							
<u>Other Uses of Funds</u>							
20	Minor Capital	Sch A - 4, Line 4	-	-	-	-	-
21	Major Capital Funded with Existing Reserves/Current Cash	Sch A - 6, Line 14 (92,261)	(701,000)	(195,000)	(465,000)	(250,000)	(95,000)
22	Transfers Out	Sch A - 4, Line 5	-	-	(69,412)	(45,994)	(50,740)
23	Non Operating Expenses	Sch A - 4, Line 3	-	-	-	-	-
24	Existing Revenue Bond Debt Service	Sch A - 4, Line 6	-	-	-	-	-
25	New Revenue Bond Debt Service	Sch A - 4, Line 7	-	-	-	-	-
26	Net Cash Flow	\$ (145,661)	\$ 589,297	\$ (437,881)	\$ (662,475)	\$ (350,017)	\$ (61,215)
27	Ending Unrestricted Fund Balance	\$ 1,517,747	\$ 2,107,044	\$ 1,669,163	\$ 1,006,688	\$ 656,671	\$ 595,456
28	<u>Days of O&M</u>	208	283	215	122	77	68
29	Target Unrestricted Fund Balance	Target 333,425	340,138	353,468	375,088	387,402	400,155
Debt Service Coverage Calculations:							
<u>Revenue Bond Debt Service Coverage</u>							
Rate Covenant Debt Service Coverage Test:							
30	Net Revenue Available for Debt Service Coverage Test	\$ (53,400)	\$ (268,750)	\$ (173,469)	\$ (151,481)	\$ (40,203)	\$ 84,525
Revenue Bond Debt Service:							
31	Existing Revenue Bond Debt Service	-	-	-	-	-	-
32	New Revenue Bond Debt Service	-	-	-	-	-	-
33	Total Revenue Bond Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Debt Service Coverage - Rate Covenant	-	-	-	-	-	-
35	<u>Debt Service Coverage Requirement</u>	1.50	1.50	1.50	1.50	1.50	1.50
Parity Debt Service Coverage Test:							
36	Net Revenue Available for Debt Service Coverage Test	\$ (53,400)	\$ (268,750)	\$ (173,469)	\$ (151,481)	\$ (40,203)	\$ 84,525
37	Maximum Revenue Bond Debt Service	-	-	-	-	-	-
38	Debt Service Coverage - Parity Test	-	-	-	-	-	-
39	<u>Debt Service Coverage Requirement</u>	1.50	1.50	1.50	1.50	1.50	1.50

SRF Debt Service Coverage Test

SRF Test:

40	Net Revenue Available for Debt Service Coverage Test		\$ (53,400)	\$ (268,750)	\$ (173,469)	\$ (151,481)	\$ (40,203)	\$ 84,525
	Less:							
41	Existing Revenue Bond Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	Net Revenue Available for SRF Debt Service Coverage Test		\$ (53,400)	\$ (268,750)	\$ (173,469)	\$ (151,481)	\$ (40,203)	\$ 84,525
43	Existing SRF Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	New SRF Debt Service		-	-	-	-	-	-
45	Total SRF Debt Service		-	-	-	-	-	-
46	Debt Service Coverage - SRF Test		-	-	-	-	-	-
47	<i>Debt Service Coverage Requirement</i>		1.50	1.50	1.50	1.50	1.50	1.50

Emergency Replacement - Water

48	Beginning Balance	Sch A - 2, Line 26	\$ 3,331,809	\$ 3,348,809	\$ 1,806,762	\$ 1,885,174	\$ 1,940,168	\$ 2,009,982
49	Sources of Funds	Sch A - 3, Line 14	-	-	69,412	45,994	59,814	50,740
50	Interest Earnings	Calc	17,000	17,000	9,000	9,000	10,000	10,000
51	Uses of Funds other Than Major Capital	Sch A - 4, Line 12	-	(1,559,047)	-	-	-	-
52	Major Capital Funded with Emergency Replacement - Water	Sch A - 6, Line 11	-	-	-	-	-	-
53	Ending Balance		\$ 3,348,809	\$ 1,806,762	\$ 1,885,174	\$ 1,940,168	\$ 2,009,982	\$ 2,070,722

Fund 3

54	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Sources of Funds	Sch A - 3, Line 15	-	-	-	-	-	-
56	Interest Earnings	Calc	-	-	-	-	-	-
57	Uses of Funds other Than Major Capital	Sch A - 4, Line 15	-	-	-	-	-	-
58	Major Capital Funded with Fund 3	Sch A - 6, Line 10	-	-	-	-	-	-
59	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund 4

60	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	Sources of Funds	Sch A - 3, Line 16	-	-	-	-	-	-
62	Interest Earnings	Calc	-	-	-	-	-	-
63	Uses of Funds other Than Major Capital	Sch A - 4, Line 18	-	-	-	-	-	-
64	Major Capital Funded with Fund 4	Sch A - 6, Line 9	-	-	-	-	-	-
65	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund 5

66	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67	Sources of Funds	Sch A - 3, Line 17	-	-	-	-	-	-
68	Interest Earnings	Calc	-	-	-	-	-	-
69	Uses of Funds other Than Major Capital	Sch A - 4, Line 21	-	-	-	-	-	-
70	Major Capital Funded with Fund 5	Sch A - 6, Line 8	-	-	-	-	-	-
71	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund 6

72	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
73	Sources of Funds	Sch A - 3, Line 18	-	-	-	-	-	-
74	Interest Earnings	Calc	-	-	-	-	-	-
75	Uses of Funds other Than Major Capital	Sch A - 4, Line 24	-	-	-	-	-	-
76	Major Capital Funded with Fund 6	Sch A - 6, Line 7	-	-	-	-	-	-
77	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund 7

78	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79	Sources of Funds	Sch A - 3, Line 19	-	-	-	-	-	-
80	Interest Earnings	Calc	-	-	-	-	-	-
81	Uses of Funds other Than Major Capital	Sch A - 4, Line 27	-	-	-	-	-	-
82	Major Capital Funded with Fund 7	Sch A - 6, Line 6	-	-	-	-	-	-
83	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund 8

84	Beginning Balance	Sch A - 2, Line 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
85	Sources of Funds	Sch A - 3, Line 20	-	-	-	-	-	-
86	Interest Earnings	Calc	-	-	-	-	-	-
87	Uses of Funds other Than Major Capital	Sch A - 4, Line 30	-	-	-	-	-	-
88	Major Capital Funded with Fund 8	Sch A - 6, Line 5	-	-	-	-	-	-
89	Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Fund 9											
90	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-
91	Sources of Funds	Sch A - 3, Line 19		-		-		-		-		-
92	Interest Earnings	Calc		-		-		-		-		-
93	Uses of Funds other Than Major Capital	Sch A - 4, Line 27		-		-		-		-		-
94	Major Capital Funded with Fund 9	Sch A - 6, Line 6		-		-		-		-		-
95	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-
	Cash Funded											
96	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-
97	Sources of Funds	Sch A - 3, Line 20		-		-		-		-		-
98	Interest Earnings	Calc		-		-		-		-		-
99	Uses of Funds other Than Major Capital	Sch A - 4, Line 30		-		-		-		-		-
100	Major Capital Funded with Cash Funded	Sch A - 6, Line 5		-		-		-		-		-
101	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-

City of La Palma
Beginning Fund Balance Reconciliation

BEGINNING BALANCES												
Line No:		Operating Fund	Emergency Replacement - Sewer	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7	Fund 8	Fund 9	Cash Funded	
1	Current assets:											
2	Cash & Investments	\$ 1,706,068	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	Receivables:											
3	Accounts	57,331										
4	Interest	304										
5	Loans	-										
6	Due from other governments	-										
7	Total Current Assets	\$ 1,763,703	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	Current Liabilities:											
8	Accounts payable	\$ 80,762										
9	due to other govt	-										
10	Salaries Payable	1,702										
11	Retentions payable	-										
12	Total Current Liabilities	\$ 82,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
13	Net Beginning Balances (Curr Assets less Current Liabilities - with Adjustments)	\$ 1,681,239	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

City of La Palma
Revenue

Schedule A - 3W

Line No:	Summary							
	Code	Description	2015	2016	2017	2018	2019	2020
1								
2	RR1	Rate Revenue 1	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764
3	RR2	Rate Revenue 2	-	-	-	-	-	-
4	RR3	Rate Revenue 3	-	-	-	-	-	-
5	RR4	Rate Revenue 4	-	-	-	-	-	-
6	RR5	Rate Revenue 5	-	-	-	-	-	-
7	RR6	Rate Revenue 6	-	-	-	-	-	-
8	RR7	Rate Revenue 7	-	-	-	-	-	-
9	RR8	Rate Revenue 8	-	-	-	-	-	-
10	RR9	Rate Revenue 9	-	-	-	-	-	-
11	RR10	Rate Revenue 10	-	-	-	-	-	-
12	OR	Other Operating Revenue	4,000	4,000	4,000	4,000	4,000	4,000
13	TRIN	Transfers In	-	1,559,047	-	-	-	-
14	Sources - Fund 2	Sources of Funds - Fund 2	-	-	69,412	45,994	59,814	50,740
15	Sources - Fund 3	Sources of Funds - Fund 3	-	-	-	-	-	-
16	Sources - Fund 4	Sources of Funds - Fund 4	-	-	-	-	-	-
17	Sources - Fund 5	Sources of Funds - Fund 5	-	-	-	-	-	-
18	Sources - Fund 6	Sources of Funds - Fund 6	-	-	-	-	-	-
19	Sources - Fund 7	Sources of Funds - Fund 7	-	-	-	-	-	-
20	Sources - Fund 8	Sources of Funds - Fund 8	-	-	-	-	-	-
21	Sources - Fund 9	Sources of Funds - Fund 9	-	-	-	-	-	-
22	Sources - Fund 10	Sources of Funds - Fund 10	-	-	-	-	-	-
23	INT - Fund 1	Interest Earnings - Fund 1	8,000	8,000	11,000	8,000	5,000	3,000
24	INT - Fund 2	Interest Earnings - Fund 2	17,000	17,000	9,000	9,000	10,000	10,000
25	INT - Fund 3	Interest Earnings - Fund 3	-	-	-	-	-	-
26	INT - Fund 4	Interest Earnings - Fund 4	-	-	-	-	-	-
27	INT - Fund 5	Interest Earnings - Fund 5	-	-	-	-	-	-
28	INT - Fund 6	Interest Earnings - Fund 6	-	-	-	-	-	-
29	INT - Fund 7	Interest Earnings - Fund 7	-	-	-	-	-	-
30	INT - Fund 8	Interest Earnings - Fund 8	-	-	-	-	-	-
31	INT - Fund 9	Interest Earnings - Fund 9	-	-	-	-	-	-
32	INT - Fund 10	Interest Earnings - Fund 10	-	-	-	-	-	-

	Code	Description	2015	2016	2017	2018	2019	2020
33		Operating Fund						
34	RR1 - BEFORE GROWTH AND RATE INCR	Rate Revenue 1	\$ 2,602,000	\$ 2,366,400	\$ 2,543,880	\$ 2,734,671	\$ 2,939,771	\$ 3,160,254
35	RR1 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
36		Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%
37		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
38	RR1	Total Rate Revenue 1 - After Revenue Increase	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764
39	RR2 - BEFORE GROWTH AND RATE INCR	Rate Revenue 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	RR2 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
41		Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%
42		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
43	RR2	Total Rate Revenue 2 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	RR3 - BEFORE GROWTH AND RATE INCR	Rate Revenue 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	RR3 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46		Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%
47		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
48	RR3	Total Rate Revenue 3 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49	RR4 - BEFORE GROWTH AND RATE INCR	Rate Revenue 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	RR4 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
51		Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%
52		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
53	RR4	Total Rate Revenue 4 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54								

City of La Palma
Revenue

Schedule A - 3W

	RR5 - BEFORE GROWTH AND RATE INCR	Rate Revenue 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
56	RR5 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
57		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
58	RR5	Total Rate Revenue 5 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59									
	RR6 - BEFORE GROWTH AND RATE INCR	Rate Revenue 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
61	RR6 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
62		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
63	RR6	Total Rate Revenue 6 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64									
	RR7 - BEFORE GROWTH AND RATE INCR	Rate Revenue 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
66	RR7 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
67		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
68	RR7	Total Rate Revenue 7 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
69									
	RR8 - BEFORE GROWTH AND RATE INCR	Rate Revenue 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
71	RR8 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
72		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
73	RR8	Total Rate Revenue 8 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
74									
	RR9 - BEFORE GROWTH AND RATE INCR	Rate Revenue 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
76	RR9 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
77		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
78	RR9	Total Rate Revenue 9 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79									
	RR10 - BEFORE GROWTH AND RATE INCR	Rate Revenue 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
81	RR10 - Growth	Revenue Increase	0.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
82		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%	50.00%
83	RR10	Total Rate Revenue 10 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84									
		For Use In Rate Design Section - Do Not Alter:							
85		Total Rate Revenue - w/ Partial Year Rate Increase (as applicable)	\$ 2,602,000	\$ 2,440,350	\$ 2,639,276	\$ 2,837,221	\$ 3,050,012	\$ 3,278,764	
86		Total Rate Revenue - w/ Full Year Rate Increase	\$ 2,366,400	\$ 2,543,880	\$ 2,734,671	\$ 2,939,771	\$ 3,160,254	\$ 3,397,273	
87		Total Full Year Operating Revenue Requirement	2,378,400	2,555,880	2,749,671	2,951,771	3,169,254	3,404,273	

City of La Palma
Revenue

Schedule A - 3W

88	OR	Water Meter Sales	2,000	2,000	2,000	2,000	2,000	2,000
89	OR	Interest - Investments	-	-	-	-	-	-
90	OR	Expense Reimbursements	-	-	-	-	-	-
91	OR	Miscellaneous Revenues	2,000	2,000	2,000	2,000	2,000	2,000
92	TRIN	From Emergency Fund	-	1,559,047	-	-	-	-
93		<u>Interest Earning Calculation</u>						
94		Average Balance	\$ 832,000	\$ 759,000	\$ 1,054,000	\$ 835,000	\$ 503,000	\$ 328,000
95		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
96	INT - Fund 1	Projected Interest Earnings	\$ 8,000	\$ 8,000	\$ 11,000	\$ 8,000	\$ 5,000	\$ 3,000
97		<u>Emergency Replacement - Water</u>						
98		Operating Revenue	-	-	-	-	-	-
99		Non Operating Revenue	-	-	-	-	-	-
100		Transfers In	-	-	69,412	45,994	59,814	50,740
101	Sources - Fund 2	Total Sources	-	-	69,412	45,994	59,814	50,740
102		<u>Interest Earnings Calculation</u>						
103		Average Balance	\$ 1,666,000	\$ 1,674,000	\$ 903,000	\$ 943,000	\$ 970,000	\$ 1,005,000
104		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
105	INT - Fund 2	Projected Interest Earnings	\$ 17,000	\$ 17,000	\$ 9,000	\$ 9,000	\$ 10,000	\$ 10,000

City of La Palma
Revenue

Schedule A - 3W

106		Fund 3							
107		Operating Revenue	-	-	-	-	-	-	-
108		Non Operating Revenue	-	-	-	-	-	-	-
109		Transfers In	-	-	-	-	-	-	-
110	Sources - Fund 3	Total Sources	-	-	-	-	-	-	-
111		<u>Interest Earnings Calculation</u>							
112		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
114	INT - Fund 3	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115		Fund 4							
116		Operating Revenue	-	-	-	-	-	-	-
117		Non Operating Revenue	-	-	-	-	-	-	-
118		Transfers In	-	-	-	-	-	-	-
119	Sources - Fund 4	Total Sources	-	-	-	-	-	-	-
120		<u>Interest Earnings Calculation</u>							
121		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
123	INT - Fund 4	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
124		Fund 5							
125		Operating Revenue	-	-	-	-	-	-	-
126		Non Operating Revenue	-	-	-	-	-	-	-
127		Transfers In	-	-	-	-	-	-	-
128	Sources - Fund 5	Total Sources	-	-	-	-	-	-	-
129		<u>Interest Earnings Calculation</u>							
130		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
131		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
132	INT - Fund 5	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Palma
Revenue

Schedule A - 3W

133		Fund 6									
134		Operating Revenue	-	-	-	-	-	-	-	-	-
135		Non Operating Revenue	-	-	-	-	-	-	-	-	-
136		Transfers In	-	-	-	-	-	-	-	-	-
137	Sources - Fund 6	Total Sources	-	-	-	-	-	-	-	-	-
138		<u>Interest Earnings Calculation</u>									
139		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
141	INT - Fund 6	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142		Fund 7									
143		Operating Revenue	-	-	-	-	-	-	-	-	-
144		Non Operating Revenue	-	-	-	-	-	-	-	-	-
145		Transfers In	-	-	-	-	-	-	-	-	-
146	Sources - Fund 7	Total Sources	-	-	-	-	-	-	-	-	-
147		<u>Interest Earnings Calculation</u>									
148		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
149		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
150	INT - Fund 7	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151		Fund 8									
152		Operating Revenue	-	-	-	-	-	-	-	-	-
153		Non Operating Revenue	-	-	-	-	-	-	-	-	-
154		Transfers In	-	-	-	-	-	-	-	-	-
155	Sources - Fund 8	Total Sources	-	-	-	-	-	-	-	-	-
156		<u>Interest Earnings Calculation</u>									
157		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
158		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
159	INT - Fund 8	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160		Fund 9									
161		Operating Revenue	-	-	-	-	-	-	-	-	-
162		Non Operating Revenue	-	-	-	-	-	-	-	-	-
163		Transfers In	-	-	-	-	-	-	-	-	-
164	Sources - Fund 9	Total Sources	-	-	-	-	-	-	-	-	-
165		<u>Interest Earnings Calculation</u>									
166		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
167		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
168	INT - Fund 9	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
169		Cash Funded									
170		Operating Revenue	-	-	-	-	-	-	-	-	-
171		Non Operating Revenue	-	-	-	-	-	-	-	-	-
172		Transfers In	-	-	-	-	-	-	-	-	-
173	Sources - Fund 10	Total Sources	-	-	-	-	-	-	-	-	-
174		<u>Interest Earnings Calculation</u>									
175		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
177	INT - Fund 10	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Palma
Expenses Other than Major Capital Expenses

Line No:	Description	2015	2016	2017	2018	2019	2020
1							
2	Operating	\$ 2,667,400	\$ 2,721,100	\$ 2,827,745	\$ 3,000,702	\$ 3,099,215	\$ 3,201,239
3	Non Operating	-	-	-	-	-	-
4	Minor Capital	-	-	-	-	-	-
5	Transfers	-	-	69,412	45,994	59,814	50,740
6	Existing Bond Debt Service	-	-	-	-	-	-
7	New Bond Debt Service	-	-	-	-	-	-
8	Existing SRF Debt Service	-	-	-	-	-	-
9	New SRF Debt Service	-	-	-	-	-	-
10	TOTAL	2,667,400	2,721,100	2,897,157	3,046,696	3,159,029	3,251,979
<hr/>							
11	Description	2015	2016	2017	2018	2019	2020
12	Operating	-	1,559,047	-	-	-	-
13	TOTAL	-	1,559,047	-	-	-	-
<hr/>							
14	Description	2015	2016	2017	2018	2019	2020
15	Operating	-	-	-	-	-	-
16	TOTAL	-	-	-	-	-	-
<hr/>							
17	Description	2015	2016	2017	2018	2019	2020
18	Operating	-	-	-	-	-	-
19	TOTAL	-	-	-	-	-	-
<hr/>							
20	Description	2015	2016	2017	2018	2019	2020
21	Operating	-	-	-	-	-	-
22	TOTAL	-	-	-	-	-	-
<hr/>							
23	Description	2015	2016	2017	2018	2019	2020
24	Operating	-	-	-	-	-	-
25	TOTAL	-	-	-	-	-	-
<hr/>							
26	Description	2015	2016	2017	2018	2019	2020
27	Operating	-	-	-	-	-	-
28	TOTAL	-	-	-	-	-	-
<hr/>							
29	Description	2015	2016	2017	2018	2019	2020
30	Operating	-	-	-	-	-	-
31	TOTAL	-	-	-	-	-	-
<hr/>							
32	Description	2015	2016	2017	2018	2019	2020
33	Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	TOTAL	-	-	-	-	-	-
<hr/>							
35	Description	2015	2016	2017	2018	2019	2020
36	Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	TOTAL	-	-	-	-	-	-

City of La Palma
Expenses Other than Major Capital Expenses

Annual Expense Escalation Factor							
EXPENSES	2015	2016	2017	2018	2019	2020	
Detail							
Water							
Department: Utilites							
Program: Water Admin							
Description							
Personnel Services							
3.0%	Salaries - Full-time	64,600	63,900	65,300	67,259	69,277	71,355
3.0%	Salary Savings Credit	0	0	-	-	-	-
3.0%	Overtime	500	500	500	515	530	546
3.0%	Employee Benefits	28,300	0	-	-	-	-
3.0%	Special Pays	0	0	-	-	-	-
3.0%	Medical Dental Vision	0	6,100	6,100	6,283	6,471	6,665
3.0%	Medicare	0	900	1,000	1,030	1,061	1,093
3.0%	Retirement	0	7,000	7,600	7,828	8,063	8,305
3.0%	Part time Retirement	0	0	-	-	-	-
3.0%	Deferred Compensation	0	0	-	-	-	-
3.0%	Life/Disability Insurance	0	500	500	515	530	546
3.0%	Cell Allowance	0	600	600	618	637	656
3.0%	Uniform	0	0	-	-	-	-
Total Personnel Services		93,400	79,500	81,600	84,048	86,569	89,166
Maintenance and operations							
2.4%	Professional Contract Services	35,000	35,000	35,000	35,840	36,700	37,581
2.4%	Computer Software Support	13,700	13,700	13,700	14,029	14,366	14,711
2.4%	Meetings & Training	6,000	6,000	6,000	6,144	6,291	6,442
2.4%	Publications & Dues	1,100	1,100	1,100	1,126	1,153	1,181
2.4%	Office Supplies	1,000	1,000	1,000	1,024	1,049	1,074
2.4%	Printing & Reproduction	2,000	4,500	4,500	4,608	4,719	4,832
2.4%	Communications	2,900	10,400	10,800	11,059	11,324	11,596
2.4%	Vehicle Operating Expense	21,000	21,600	21,600	22,118	22,649	23,193
2.4%	Community Events	7,600	4,000	4,000	4,096	4,194	4,295
2.4%	Furniture & Fixtures	0	0	-	-	-	-
2.4%	Departmental Overhead	19,000	19,000	19,000	19,456	19,923	20,401
2.4%	General Overhead	22,000	44,300	44,300	45,363	46,452	47,567
2.4%	Liability Insurance & Claims	5,500	8,000	9,900	10,138	10,381	10,630
2.4%	Building Maintenance/Replacmnt	1,700	0	-	-	-	-
2.4%	Vehicle Maintenance	0	0	-	-	-	-
2.4%	Vehicle Replacement	0	0	-	-	-	-
2.4%	Computer Maintenance	3,300	1,400	1,400	1,434	1,468	1,503
Total Maintenance and Operations		141,800	170,000	172,300	176,435	180,669	185,006
Total Expenditures		235,200	249,500	253,900	260,483	267,238	274,172
DEPARTMENT: Utilities							
PROGRAM: Water Production							
Description							
Personnel services							
3.0%	Salaries - Full-time	83,400	78,700	80,400	82,812	85,296	87,855
3.0%	Salary Savings Credit	0	0	-	-	-	-
3.0%	Special Pay	28,000	32,000	32,000	32,960	33,949	34,967
3.0%	Overtime	3,100	3,100	3,100	3,193	3,289	3,388
3.0%	Employee Benefits	36,500	0	-	-	-	-
3.0%	Special Pays	0	1,100	1,100	1,133	1,167	1,202
3.0%	Medical Dental Vision	0	7,700	7,700	7,931	8,169	8,414
3.0%	Medicare	0	1,700	1,700	1,751	1,804	1,858
3.0%	Retirement	0	7,400	7,400	7,622	7,851	8,087
3.0%	Part time Retirement	0	0	-	-	-	-
3.0%	Deferred Compensation	0	300	300	309	318	328
3.0%	Life/Disability Insurance	0	800	800	824	849	874
Total personnel services		\$ 151,000	\$ 132,800	\$ 134,500	\$ 138,535	\$ 142,692	\$ 146,973

City of La Palma
Expenses Other than Major Capital Expenses

96		Maintenance and operations						
97	2.4%	Professional Contract Services	33,500	33,500	33,500	34,304	35,127	35,970
98	2.4%	Communications	8,500	10,000	10,000	10,240	10,486	10,738
99	2.4%	Gas	3,700	3,700	3,700	3,789	3,880	3,973
100	2.4%	Maintenance & Repair Materials	6,000	6,000	6,000	6,144	6,291	6,442
101	2.4%	Maintenance & Repair of eqpt	28,300	28,300	28,300	28,979	29,674	30,386
102	2.4%	Pump & Well Repair	20,000	20,000	20,000	20,480	20,972	21,475
103	2.4%	Small Tools & Equipment	0	0	-	-	-	-
104	5.0%	Water Pumping Charge	536,300	536,300	616,745	666,085	699,389	734,358
105	2.4%	Chlorination	47,500	47,500	47,500	48,640	49,807	51,002
106	3.0%	Water purchase- MWD	489,500	489,500	489,500	504,185	519,311	534,890
107	2.4%	Departmental Overhead	24,900	24,900	24,900	25,498	26,110	26,737
108	2.4%	General Overhead	63,000	244,000	244,400	250,266	256,272	262,423
109	2.4%	Liability Insurance & Claims	69,200	12,600	15,500	15,872	16,253	16,643
110	2.4%	Building Maintenance/Replacement	21,500	0	-	-	-	-
111	2.4%	Vehicle Maintenance	0	0	-	-	-	-
112	2.4%	Vehicle Replacement	2,000	2,300	-	-	-	-
113	2.4%	Computer Maintenance	41,700	1,400	1,400	1,434	1,468	1,503
114	2.4%	Transfer out						
115		Total Maintenance & Operations	1,395,600	1,460,000	1,541,445	1,615,916	1,675,040	1,736,540
116		Total Expenditures	1,546,600	1,592,800	1,675,945	1,754,451	1,817,732	1,883,513

117		Capital Outlay/Improvements						
118	3.0%	Building Improvements			-	-	-	-
119	3.0%	Office Equipment			-	-	-	-
120	3.0%	Machinery & Equipment			-	-	-	-
121		Total Capital Outlay/Improvements						

122		Total Expenditures	1,546,600	1,592,800				
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Department: Utilities
Program: Water Transmission

125		Description	Source: 050-052 Utilities Section FY2015_16.xls provided by the City					
126		Personnel Services						
127	3.0%	Salaries - Full-time	76,400	71,800	73,300	75,499	77,764	80,097
128	3.0%	Overtime	7,500	7,500	7,500	7,725	7,957	8,196
129	3.0%	Employee Benefits	33,400	0	-	-	-	-
130	3.0%	Special Pays	0	1,100	1,100	1,133	1,167	1,202
131	3.0%	Medical Dental Vision	0	7,300	7,300	7,519	7,745	7,977
132	3.0%	Medicare	0	1,200	1,200	1,236	1,273	1,311
133	3.0%	Retirement	0	6,700	7,100	7,313	7,532	7,758
134	3.0%	Deferred Compensation	0	300	300	309	318	328
135	3.0%	Life/Disability Insurance	0	800	800	824	849	874
136		Total Personnel Services	117,300	96,700	98,600	101,558	104,605	107,743

137		Maintenance & Operations						
138	3.0%	Professional Contract Services	28,200	28,200	28,200	29,046	29,917	30,815
139	3.0%	Computer Software Support	0	0	-	-	-	-
140	3.0%	Publications & Dues	0	0	-	-	-	-
141	3.0%	Communications	2,500	2,400	2,400	2,472	2,546	2,622
142	3.0%	Gas	300	300	300	309	318	328
143	3.0%	Electric	132,100	138,700	145,600	149,968	154,467	159,101
144	3.0%	Maintenance & Repair Materials	22,000	22,000	22,000	22,660	23,340	24,040
145	3.0%	Maintenance & Repair of Eqpt	27,000	27,000	27,000	27,810	28,644	29,503
146	3.0%	Hydrant Repair	12,000	12,000	12,000	12,360	12,731	13,113
147	3.0%	Small Tools/Other Equipment	2,500	2,500	2,500	2,575	2,652	2,732
148	3.0%	Departmental Overhead	24,000	24,000	24,000	24,720	25,462	26,226
149	3.0%	General Overhead	59,000	104,100	104,200	107,326	110,546	113,862
150	3.0%	Liability Insurance & Claims	16,800	12,100	14,900	15,347	15,807	16,281
151	3.0%	Building Maintenance/Replacmnt	5,200	0	-	-	-	-
152	3.0%	Vehicle Maintenance	0	0	-	-	-	-
153	3.0%	Vehicle Replacement	19,000	16,700	13,500	13,905	14,322	14,752
154	3.0%	Computer Maintenance	10,100	1,400	1,400	1,442	1,485	1,530
155		Total Maintenance & Operations	360,700	391,400	398,000	409,940	422,237	434,905
156		Total Expenditures	478,000	488,100	496,600	511,498	526,842	542,648

Department: Utilities
Program: Water Billing

159		Description:						
160		Personnel Services						
161	3.0%	Salaries - Full-time	186,500	176,900	179,500	184,885	190,432	196,145
162	3.0%	Salary Savings Credit	0	0	-	-	-	-
163	3.0%	Salaries - Part-time	10,000	0	-	-	-	-
164	3.0%	Overtime	1,800	900	900	927	955	984
165	3.0%	Employee Benefits	82,400	0	-	-	-	-
166	3.0%	Special Pays	0	1,500	1,500	1,545	1,591	1,639
167	3.0%	Medical Dental Vision	0	17,300	17,300	17,819	18,354	18,905
168	3.0%	Medicare	0	2,600	2,600	2,678	2,758	2,841
169	3.0%	Retirement	0	17,800	19,000	19,570	20,157	20,762
170	3.0%	Part time Retirement	0	0	-	-	-	-
171	3.0%	Deferred Compensation	0	500	500	515	530	546
172	3.0%	Life/Disability Insurance	0	1,800	1,800	1,854	1,910	1,967
173	3.0%	Cell Allowance	0	0	-	-	-	-
174	3.0%	Uniform	0	0	-	-	-	-
175		Total Personnel Services	280,700	219,300	223,100	229,793	236,687	243,789

City of La Palma
Expenses Other than Major Capital Expenses

176		Maintenance & Operations						
177	2.4%	Professional Contract Services	10,000	10,000	10,000	10,240	10,486	10,738
178	2.4%	Computer Software Support	0	0	-	-	-	-
179	2.4%	Meetings and Trainings						
180	2.4%	Uniforms	5,000	5,000	5,000	5,120	5,243	5,369
181	2.4%	Office Supplies	2,000	2,000	2,000	2,048	2,097	2,147
182	2.4%	Postage	1,000	1,000	1,000	1,024	1,049	1,074
183	2.4%	Advertising	0	0	-	-	-	-
184	2.4%	Printing & Reproduction	500	500	500	512	524	537
185	2.4%	Communications	0	0	-	-	-	-
186	2.4%	Office Equipment Maintenance	0	0	-	-	-	-
187	2.4%	Maintenance & Repair of Materials	2,500	2,500	2,500	2,560	2,621	2,684
188	2.4%	Maintenance & Repair of Eqpt	1,500	1,500	1,500	1,536	1,573	1,611
189	2.4%	Meter Maintenance	23,000	23,000	23,000	23,552	24,117	24,696
190	2.4%	Departmental Overhead	32,000	32,000	32,000	32,768	33,554	34,359
191	2.4%	General Overhead	27,000	64,100	64,200	65,741	67,319	68,935
192	2.4%	Liability Insurance & Claims	11,700	28,400	35,100	35,942	36,805	37,688
193	2.4%	Building Maintenance/Replacmnt	3,600	0	-	-	-	-
194	2.4%	Vehicle Maintenance	0	0	-	-	-	-
195	2.4%	Computer Maintenance	7,100	1,400	1,400	1,434	1,468	1,503
196	3.0%	In-House Billing (Acct Clerk)				62,000	63,860	65,776
197		Total Maintenance & Operations	126,900	171,400	178,200	182,477	186,856	191,341
198		Total Expenditures	407,600	390,700	401,300	412,270	423,543	435,130
199		Total Expenses	2,667,400	2,721,100	2,827,745	2,938,702	3,035,355	3,135,463
200	2.4%	New Debt Service - Revenue Bonds	-	-	-	-	-	-
201		Transfer Out for Emergency Fund	-	-	69,412	45,994	59,814	50,740
202		Transfer Out for cash Funded CIP	-	-	-	-	-	-

City of La Palma
Expenses Other than Major Capital Expenses

203	2.4%	Operating	-	1,559,047	-	-	-	-
204	2.4%	Operating	-	-	-	-	-	-
205	2.4%	Operating	-	-	-	-	-	-
206	2.4%	Operating	-	-	-	-	-	-
207	2.4%	Operating	-	-	-	-	-	-
208	2.4%	Operating	-	-	-	-	-	-
209	2.4%	Operating	-	-	-	-	-	-
210	2.4%	Operating	-	-	-	-	-	-
211	2.4%	Operating	-	-	-	-	-	-

City of La Palma
CIP

Line No:	Funding Sources											Description	2015	2016	2017	2018	2019	2020				
	SRF Loan	Bonds	Cash Funded	Fund 9	Fund 8	Fund 7	Fund 6	Fund 5	Fund 4	Fund 3	Water								Replacement - Water	Emergency	Operating Fund	
1													100%							Capital Projects		
2	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		110,000					SCADA		
3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%							Ongoing SCADA Improvements		
4	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			25,000				City Yard Reservoir Assessment		
5	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%				100,000			City Yard Reservoir Rehab		
6	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		150,000					City Yard Engineered Pump Suction		
7	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			75,000				Water Treatment Feasibility Study		
8	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%				150,000			Water Treatment Preliminary Design		
9	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%							Water Treatment Engineering		
10	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			75,000				Meadowlark Well Pump Replacement		
11	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		40,000					Walker Well Pump Replacement		
12	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%							Pipeline Condition Assessment		
13	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		53,500					Reservoir Coating		
14	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	35,881	20,000	20,000	20,000	20,000	20,000	City Yard Pavement		
15	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%							Water Valves & Sewer Manholes		
16	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			15,500				Reservoir Mixers		
17	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			46,000				City Yard Fence		
18	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			12,500				City Yard Storm Drains		
19	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%				125,000			Storage Bin Roof		
20	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%							Water Master Plan		
21	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		55,000					Urban Water Master Plan		
22	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	4,700	70,000					Water Rate Study		
23	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	17,000						City Yard Modernization Plan		
24	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		103,500					Improvements		
25	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%			25,000				Walker Well Fence		
26	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%				70,000			Water Billing		
27	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%		625,000					Climatec Energy Project		
28	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	4,890						Other Projects		
													100%	29,790						Sedaru Utility Management Project		
													100%							Other Capital Projects		
Total											\$	92,261	\$	701,000	\$	195,000	\$	465,000	\$	250,000	\$	95,000

City of La Palma
CIP Funding

Line No:		2015	2016	2017	2018	2019	2020
1	Capital Project Costs	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
2							
3							
4	Funding Sources						
5	Cash Funded	-	-	-	-	-	-
6	Fund 9	-	-	-	-	-	-
7	Fund 8	-	-	-	-	-	-
8	Fund 7	-	-	-	-	-	-
9	Fund 6	-	-	-	-	-	-
10	Fund 5	-	-	-	-	-	-
11	Fund 4	-	-	-	-	-	-
12	Fund 3	-	-	-	-	-	-
13	Emergency Replacement - Water	-	-	-	-	-	-
14	Operating Fund	92,261	701,000	195,000	465,000	250,000	95,000
15	New Bonds	-	-	-	-	-	-
16	New SRF	-	-	-	-	-	-
17							
18	Total Project Funding	\$ 92,261	\$ 701,000	\$ 195,000	\$ 465,000	\$ 250,000	\$ 95,000
19	Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Palma
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

Line No	Reference	2015	2016	2017	2018	2019	2020
Operating Fund							
1	Water and Sewer Rate Revenue Increases % of Year Rate Increase Effective	0.00% 50.00%	25.00% 41.67%	25.00% 50.00%	25.00% 50.00%	25.00% 50.00%	25.00% 50.00%
2	Beginning Unrestricted Fund Balance	Sch A - 2, Line 13 \$ 1,681,239	\$ 1,382,082	\$ 811,601	\$ 359,586	\$ 147,523	\$ 45,834
3	Rate Revenue 1	Sch A - 3, Line 2 \$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
4	Rate Revenue 2	Sch A - 3, Line 3	-	-	-	-	-
5	Rate Revenue 3	Sch A - 3, Line 4	-	-	-	-	-
6	Rate Revenue 4	Sch A - 3, Line 5	-	-	-	-	-
7	Rate Revenue 5	Sch A - 3, Line 6	-	-	-	-	-
8	Rate Revenue 6	Sch A - 3, Line 7	-	-	-	-	-
9	Rate Revenue 7	Sch A - 3, Line 8	-	-	-	-	-
10	Rate Revenue 8	Sch A - 3, Line 9	-	-	-	-	-
11	Rate Revenue 9	Sch A - 3, Line 10	-	-	-	-	-
12	Rate Revenue 10	Sch A - 3, Line 11	-	-	-	-	-
13	Total Rate Revenue	\$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
14	Other Operating Revenue	Sch A - 3, Line 12	-	-	-	-	-
15	Interest Income - Operating Fund	Calc	8,000	7,000	4,000	2,000	1,000
16	Total Operating Revenue	\$ 244,631	\$ 268,280	\$ 336,763	\$ 417,953	\$ 520,941	\$ 649,927
17	Operating Expenses	Sch A - 4, Line 2	(246,786)	(239,500)	(248,600)	(252,516)	(265,857)
18	Net Revenue	\$ (2,155)	\$ 28,780	\$ 88,163	\$ 165,437	\$ 261,842	\$ 384,070
Plus:							
Other Sources of Funds							
19	Transfers In	Sch A - 3, Line 13	-	-	-	-	-
Less:							
Other Uses of Funds							
20	Minor Capital	Sch A - 4, Line 4	-	-	-	-	-
21	Major Capital Funded with Existing Reserves/Current Cash	Sch A - 6, Line 14	(297,002)	(441,300)	(450,000)	(285,000)	(285,000)
22	Transfers Out	Sch A - 4, Line 5	-	(157,961)	(90,178)	(92,500)	(79,729)
23	Non Operating Expenses	Sch A - 4, Line 3	-	-	-	-	-
24	Existing Revenue Bond Debt Service	Sch A - 4, Line 6	-	-	-	-	-
25	New Revenue Bond Debt Service	Sch A - 4, Line 7	-	-	-	-	-
26	Net Cash Flow	\$ (299,157)	\$ (570,481)	\$ (452,015)	\$ (212,063)	\$ (101,690)	\$ 19,341
27	Ending Unrestricted Fund Balance	\$ 1,382,082	\$ 811,601	\$ 359,586	\$ 147,523	\$ 45,834	\$ 65,175
28	Days of O&M	2,044	1,237	528	213	65	89
29	Target Unrestricted Fund Balance	Target	30,848	29,938	31,075	31,565	32,387
Debt Service Coverage Calculations:							
Revenue Bond Debt Service Coverage							
Rate Covenant Debt Service Coverage Test:							
30	Net Revenue Available for Debt Service Coverage Test	\$ (2,155)	\$ 28,780	\$ 88,163	\$ 165,437	\$ 261,842	\$ 384,070
Revenue Bond Debt Service:							
31	Existing Revenue Bond Debt Service	-	-	-	-	-	-
32	New Revenue Bond Debt Service	-	-	-	-	-	-
33	Total Revenue Bond Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Debt Service Coverage - Rate Covenant	-	-	-	-	-	-
35	Debt Service Coverage Requirement	1.50	1.50	1.50	1.50	1.50	1.50
Parity Debt Service Coverage Test:							
36	Net Revenue Available for Debt Service Coverage Test	\$ (2,155)	\$ 28,780	\$ 88,163	\$ 165,437	\$ 261,842	\$ 384,070
37	Maximum Revenue Bond Debt Service	-	-	-	-	-	-
38	Debt Service Coverage - Parity Test	-	-	-	-	-	-
39	Debt Service Coverage Requirement	1.50	1.50	1.50	1.50	1.50	1.50

SRF Debt Service Coverage Test

SRF Test:

40	Net Revenue Available for Debt Service Coverage Test		\$	(2,155)	\$	28,780	\$	88,163	\$	165,437	\$	261,842	\$	384,070
	Less:													
41	Existing Revenue Bond Debt Service		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
42	Net Revenue Available for SRF Debt Service Coverage Test		\$	(2,155)	\$	28,780	\$	88,163	\$	165,437	\$	261,842	\$	384,070
43	Existing SRF Debt Service		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
44	New SRF Debt Service													
45	Total SRF Debt Service													
46	Debt Service Coverage - SRF Test													
47	<i>Debt Service Coverage Requirement</i>			1.15		1.15		1.15		1.15		1.15		1.15

Emergency Replacement - Sewer

48	Beginning Balance	Sch A - 2, Line 26	\$	2,238,687	\$	2,249,687	\$	2,418,648	\$	2,520,826	\$	2,626,326	\$	2,717,857
49	Sources of Funds	Sch A - 3, Line 14		-		157,961		90,178		92,500		78,532		79,729
50	Interest Earnings	Calc		11,000		11,000		12,000		13,000		13,000		14,000
51	Uses of Funds other Than Major Capital	Sch A - 4, Line 12		-		-		-		-		-		-
52	Major Capital Funded with Emergency Replacement - Sewer	Sch A - 6, Line 11		-		-		-		-		-		-
53	Ending Balance		\$	2,249,687	\$	2,418,648	\$	2,520,826	\$	2,626,326	\$	2,717,857	\$	2,811,586

Fund 3

54	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
55	Sources of Funds	Sch A - 3, Line 15		-		-		-		-		-		-
56	Interest Earnings	Calc		-		-		-		-		-		-
57	Uses of Funds other Than Major Capital	Sch A - 4, Line 15		-		-		-		-		-		-
58	Major Capital Funded with Fund 3	Sch A - 6, Line 10		-		-		-		-		-		-
59	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 4

60	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
61	Sources of Funds	Sch A - 3, Line 16		-		-		-		-		-		-
62	Interest Earnings	Calc		-		-		-		-		-		-
63	Uses of Funds other Than Major Capital	Sch A - 4, Line 18		-		-		-		-		-		-
64	Major Capital Funded with Fund 4	Sch A - 6, Line 9		-		-		-		-		-		-
65	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 5

66	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
67	Sources of Funds	Sch A - 3, Line 17		-		-		-		-		-		-
68	Interest Earnings	Calc		-		-		-		-		-		-
69	Uses of Funds other Than Major Capital	Sch A - 4, Line 21		-		-		-		-		-		-
70	Major Capital Funded with Fund 5	Sch A - 6, Line 8		-		-		-		-		-		-
71	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 6

72	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
73	Sources of Funds	Sch A - 3, Line 18		-		-		-		-		-		-
74	Interest Earnings	Calc		-		-		-		-		-		-
75	Uses of Funds other Than Major Capital	Sch A - 4, Line 24		-		-		-		-		-		-
76	Major Capital Funded with Fund 6	Sch A - 6, Line 7		-		-		-		-		-		-
77	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 7

78	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
79	Sources of Funds	Sch A - 3, Line 19		-		-		-		-		-		-
80	Interest Earnings	Calc		-		-		-		-		-		-
81	Uses of Funds other Than Major Capital	Sch A - 4, Line 27		-		-		-		-		-		-
82	Major Capital Funded with Fund 7	Sch A - 6, Line 6		-		-		-		-		-		-
83	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 8

84	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
85	Sources of Funds	Sch A - 3, Line 20		-		-		-		-		-		-
86	Interest Earnings	Calc		-		-		-		-		-		-
87	Uses of Funds other Than Major Capital	Sch A - 4, Line 30		-		-		-		-		-		-
88	Major Capital Funded with Fund 8	Sch A - 6, Line 5		-		-		-		-		-		-
89	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Fund 9												
90	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-
91	Sources of Funds	Sch A - 3, Line 19		-		-		-		-		-
92	Interest Earnings	Calc		-		-		-		-		-
93	Uses of Funds other Than Major Capital	Sch A - 4, Line 27		-		-		-		-		-
94	Major Capital Funded with Fund 9	Sch A - 6, Line 6		-		-		-		-		-
95	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-
Cash Funded												
96	Beginning Balance	Sch A - 2, Line 26	\$	-	\$	-	\$	-	\$	-	\$	-
97	Sources of Funds	Sch A - 3, Line 20		-		-		-		-		-
98	Interest Earnings	Calc		-		-		-		-		-
99	Uses of Funds other Than Major Capital	Sch A - 4, Line 30		-		-		-		-		-
100	Major Capital Funded with Cash Funded	Sch A - 6, Line 5		-		-		-		-		-
101	Ending Balance		\$	-	\$	-	\$	-	\$	-	\$	-

City of La Palma
Beginning Fund Balance Reconciliation

BEGINNING BALANCES												
Line No:		Operating Fund	Emergency Replacement - Sewer	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7	Fund 8	Fund 9	Cash Funded	
1	Current assets:											
2	Cash & Investments	\$ 1,706,068	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	Receivables:											
3	Accounts	57,331										
4	Interest	304										
5	Loans	-										
6	Due from other governments	-										
7	Total Current Assets	\$ 1,763,703	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	Current Liabilities:											
8	Accounts payable	\$ 80,762										
9	due to other govt	-										
10	Salaries Payable	1,702										
11	Retentions payable	-										
12	Total Current Liabilities	\$ 82,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
13	Net Beginning Balances (Curr Assets less Current Liabilities - with Adjustments)	\$ 1,681,239	\$ 2,238,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

City of La Palma
Revenue

Schedule A - 3S

Line No:	Summary							
	Code	Description	2015	2016	2017	2018	2019	2020
1								
2	RR1	Rate Revenue 1	\$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
3	RR2	Rate Revenue 2	-	-	-	-	-	-
4	RR3	Rate Revenue 3	-	-	-	-	-	-
5	RR4	Rate Revenue 4	-	-	-	-	-	-
6	RR5	Rate Revenue 5	-	-	-	-	-	-
7	RR6	Rate Revenue 6	-	-	-	-	-	-
8	RR7	Rate Revenue 7	-	-	-	-	-	-
9	RR8	Rate Revenue 8	-	-	-	-	-	-
10	RR9	Rate Revenue 9	-	-	-	-	-	-
11	RR10	Rate Revenue 10	-	-	-	-	-	-
12	OR	Other Operating Revenue	-	-	-	-	-	-
13	TRIN	Transfers In	-	-	-	-	-	-
14	Sources - Fund 2	Sources of Funds - Fund 2	-	157,961	90,178	92,500	78,532	79,729
15	Sources - Fund 3	Sources of Funds - Fund 3	-	-	-	-	-	-
16	Sources - Fund 4	Sources of Funds - Fund 4	-	-	-	-	-	-
17	Sources - Fund 5	Sources of Funds - Fund 5	-	-	-	-	-	-
18	Sources - Fund 6	Sources of Funds - Fund 6	-	-	-	-	-	-
19	Sources - Fund 7	Sources of Funds - Fund 7	-	-	-	-	-	-
20	Sources - Fund 8	Sources of Funds - Fund 8	-	-	-	-	-	-
21	Sources - Fund 9	Sources of Funds - Fund 9	-	-	-	-	-	-
22	Sources - Fund 10	Sources of Funds - Fund 10	-	-	-	-	-	-
23	INT - Fund 1	Interest Earnings - Fund 1	8,000	7,000	4,000	2,000	1,000	-
24	INT - Fund 2	Interest Earnings - Fund 2	11,000	11,000	12,000	13,000	13,000	14,000
25	INT - Fund 3	Interest Earnings - Fund 3	-	-	-	-	-	-
26	INT - Fund 4	Interest Earnings - Fund 4	-	-	-	-	-	-
27	INT - Fund 5	Interest Earnings - Fund 5	-	-	-	-	-	-
28	INT - Fund 6	Interest Earnings - Fund 6	-	-	-	-	-	-
29	INT - Fund 7	Interest Earnings - Fund 7	-	-	-	-	-	-
30	INT - Fund 8	Interest Earnings - Fund 8	-	-	-	-	-	-
31	INT - Fund 9	Interest Earnings - Fund 9	-	-	-	-	-	-
32	INT - Fund 10	Interest Earnings - Fund 10	-	-	-	-	-	-

	Code	Description	2015	2016	2017	2018	2019	2020
33								
34		Operating Fund						
	RR1 - BEFORE GROWTH AND RATE INCR	Rate Revenue 1	\$ 236,631	\$ 236,631	\$ 295,789	\$ 369,736	\$ 462,170	\$ 577,713
35		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
36	RR1 - Growth	Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
37		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
38	RR1	Total Rate Revenue 1 - After Revenue Increase	\$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
39								
	RR2 - BEFORE GROWTH AND RATE INCR	Rate Revenue 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
41	RR2 - Growth	Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
42		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
43	RR2	Total Rate Revenue 2 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44								
	RR3 - BEFORE GROWTH AND RATE INCR	Rate Revenue 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46	RR3 - Growth	Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
47		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
48	RR3	Total Rate Revenue 3 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49								
	RR4 - BEFORE GROWTH AND RATE INCR	Rate Revenue 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50		Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
51	RR4 - Growth	Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
52		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
53	RR4	Total Rate Revenue 4 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54								

City of La Palma
Revenue

55	RR5 - BEFORE GROWTH AND RATE INCR	Rate Revenue 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	RR5 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
57		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
58		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
59	RR5	Total Rate Revenue 5 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60	RR6 - BEFORE GROWTH AND RATE INCR	Rate Revenue 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	RR6 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
62		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
63		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
64	RR6	Total Rate Revenue 6 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65	RR7 - BEFORE GROWTH AND RATE INCR	Rate Revenue 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	RR7 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
67		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
68		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
69	RR7	Total Rate Revenue 7 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70	RR8 - BEFORE GROWTH AND RATE INCR	Rate Revenue 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71	RR8 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
72		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
73		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
74	RR8	Total Rate Revenue 8 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75	RR9 - BEFORE GROWTH AND RATE INCR	Rate Revenue 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76	RR9 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
77		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
78		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
79	RR9	Total Rate Revenue 9 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80	RR10 - BEFORE GROWTH AND RATE INCR	Rate Revenue 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81	RR10 - Growth	Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
82		Revenue Increase	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
83		Pct of Year Revenue Increase Effective	50.00%	41.67%	50.00%	50.00%	50.00%	50.00%
84	RR10	Total Rate Revenue 10 - After Revenue Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
85	For Use In Rate Design Section - Do Not Alter:		2015	2016	2017	2018	2019	2020
85	Total Rate Revenue - w/ Partial Year Rate Increase (as applicable)		\$ 236,631	\$ 261,280	\$ 332,763	\$ 415,953	\$ 519,941	\$ 649,927
86	Total Rate Revenue - w/ Full Year Rate Increase		\$ 236,631	\$ 295,789	\$ 369,736	\$ 462,170	\$ 577,713	\$ 722,141
87	Total Full Year Operating Revenue Requirement		244,631	302,789	373,736	464,170	578,713	722,141

City of La Palma
Revenue

Schedule A - 3S

88	OR	Non Rate Rev 1	-	-	-	-	-	-
89	TRIN	Transfer in From Emergency Reserve	-	-	-	-	-	-
90		<u>Interest Earning Calculation</u>						
91		Average Balance	\$ 841,000	\$ 691,000	\$ 406,000	\$ 180,000	\$ 74,000	\$ 23,000
92		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
93	INT - Fund 1	Projected Interest Earnings	\$ 8,000	\$ 7,000	\$ 4,000	\$ 2,000	\$ 1,000	\$ -
94		<u>Emergency Replacement - Sewer</u>						
95		Operating Revenue	-	-	-	-	-	-
96		Non Operating Revenue	-	-	-	-	-	-
97		Transfers In	-	157,961	90,178	92,500	78,532	79,729
98	Sources - Fund 2	Total Sources	-	157,961	90,178	92,500	78,532	79,729
99		<u>Interest Earnings Calculation</u>						
100		Average Balance	\$ 1,119,000	\$ 1,125,000	\$ 1,209,000	\$ 1,260,000	\$ 1,313,000	\$ 1,359,000
101		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
102	INT - Fund 2	Projected Interest Earnings	\$ 11,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 13,000	\$ 14,000

City of La Palma
Revenue

Schedule A - 3S

103		Fund 3								
104		Operating Revenue	-	-	-	-	-	-	-	-
105		Non Operating Revenue	-	-	-	-	-	-	-	-
106		Transfers In	-	-	-	-	-	-	-	-
107	Sources - Fund 3	Total Sources	-	-	-	-	-	-	-	-
108		<u>Interest Earnings Calculation</u>								
109		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
111	INT - Fund 3	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112		Fund 4								
113		Operating Revenue	-	-	-	-	-	-	-	-
114		Non Operating Revenue	-	-	-	-	-	-	-	-
115		Transfers In	-	-	-	-	-	-	-	-
116	Sources - Fund 4	Total Sources	-	-	-	-	-	-	-	-
117		<u>Interest Earnings Calculation</u>								
118		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
119		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
120	INT - Fund 4	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
121		Fund 5								
122		Operating Revenue	-	-	-	-	-	-	-	-
123		Non Operating Revenue	-	-	-	-	-	-	-	-
124		Transfers In	-	-	-	-	-	-	-	-
125	Sources - Fund 5	Total Sources	-	-	-	-	-	-	-	-
126		<u>Interest Earnings Calculation</u>								
127		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
129	INT - Fund 5	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Palma
Revenue

Schedule A - 3S

130		Fund 6									
131		Operating Revenue	-	-	-	-	-	-	-	-	-
132		Non Operating Revenue	-	-	-	-	-	-	-	-	-
133		Transfers In	-	-	-	-	-	-	-	-	-
134	Sources - Fund 6	Total Sources	-	-	-	-	-	-	-	-	-
135		<u>Interest Earnings Calculation</u>									
136		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
137		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-
138	INT - Fund 6	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
139		Fund 7									
140		Operating Revenue	-	-	-	-	-	-	-	-	-
141		Non Operating Revenue	-	-	-	-	-	-	-	-	-
142		Transfers In	-	-	-	-	-	-	-	-	-
143	Sources - Fund 7	Total Sources	-	-	-	-	-	-	-	-	-
144		<u>Interest Earnings Calculation</u>									
145		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
146		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-
147	INT - Fund 7	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
148		Fund 8									
149		Operating Revenue	-	-	-	-	-	-	-	-	-
150		Non Operating Revenue	-	-	-	-	-	-	-	-	-
151		Transfers In	-	-	-	-	-	-	-	-	-
152	Sources - Fund 8	Total Sources	-	-	-	-	-	-	-	-	-
153		<u>Interest Earnings Calculation</u>									
154		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
155		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-
156	INT - Fund 8	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
157		Fund 9									
158		Operating Revenue	-	-	-	-	-	-	-	-	-
159		Non Operating Revenue	-	-	-	-	-	-	-	-	-
160		Transfers In	-	-	-	-	-	-	-	-	-
161	Sources - Fund 9	Total Sources	-	-	-	-	-	-	-	-	-
162		<u>Interest Earnings Calculation</u>									
163		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
164		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-
165	INT - Fund 9	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
166		Cash Funded									
167		Operating Revenue	-	-	-	-	-	-	-	-	-
168		Non Operating Revenue	-	-	-	-	-	-	-	-	-
169		Transfers In	-	-	-	-	-	-	-	-	-
170	Sources - Fund 10	Total Sources	-	-	-	-	-	-	-	-	-
171		<u>Interest Earnings Calculation</u>									
172		Average Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
173		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-
174	INT - Fund 10	Projected Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

City of La Palma
Expenses Other than Major Capital Expenses

Detail

FUND #	Annual Expense Escalation Factor	EXPENSES	2015	2016	2017	2018	2019	2020
Detail								
Sewer								
DEPARTMENT: UTILITIES								
PROGRAM: SEWER								
Description:			Source: 050-052 Utilities Section FY2015_16.xls provided by the City					
Personnel services								
1	3.0%	Salaries- Full Time	67,500	68,800	69,500	71,585	73,733	75,945
1	3.0%	Overtime	0	0	-	-	-	-
1	3.0%	Employee Benefits	29,600	0	-	-	-	-
1	3.0%	Medical Dental Vision	0	5,400	5,400	5,562	5,729	5,901
1	3.0%	Medicare	0	1,000	1,000	1,030	1,061	1,093
1	3.0%	Retirement	0	7,500	8,100	8,343	8,593	8,851
1	3.0%	Deferred Compensation	0	300	300	309	318	328
1	3.0%	Life/Disability Insurance	0	500	500	515	530	546
		Total Personnel Services	97,100	83,500	84,800	87,344	89,964	92,664
Maintenance And Operations								
1	2.4%	Professional Contract Services	30,000	30,000	30,000	30,720	31,457	32,212
1	2.4%	Computer Software Support	5,000	11,000	11,000	11,264	11,534	11,811
1	2.4%	Meetings & Training	2,000	2,000	2,000	2,048	2,097	2,147
1	2.4%	Publications & Dues	1,600	1,600	1,600	1,638	1,677	1,717
1	2.4%	Uniforms	2,500	2,500	2,500	2,550	2,600	2,650
1	2.4%	Communications	1,500	3,400	3,400	3,482	3,566	3,652
1	2.4%	Maintenance & Repair Materials	2,000	2,000	2,000	2,048	2,097	2,147
1	2.4%	Maintenance & Repair Equipment	0	2,500	2,500	2,560	2,621	2,684
1	2.4%	Vehicle Operating Expense	0	2,600	2,600	2,662	2,726	2,791
1	2.4%	Machinery & Equipment	0	0	-	-	-	-
1	2.4%	Departmental Overhead	2,200	2,200	2,200	2,253	2,307	2,362
1	2.4%	General Overhead	10,000	29,100	29,400	30,106	30,829	31,569
1	2.4%	Liability Insurance & Claims	5,500	8,500	10,500	10,752	11,010	11,274
1	2.4%	Building Maintenance/Replacmnt	1,700	0	-	-	-	-
1	2.4%	Vehicle Maintenance	0	0	-	-	-	-
1	2.4%	Vehicle Replacement	3,000	3,000	-	-	-	-
1	2.4%	Computer Maintenance	3,300	1,400	1,400	1,434	1,468	1,503
1	2.4%	Transfer out	79,386	54,200	62,700	64,205	65,746	67,324
		Total Maintenance & Operations	149,686	156,000	163,800	165,172	169,135	173,193
		Total Expenditures	246,786	239,500	248,600	252,516	259,099	265,857
1	2.4%	New Debt Service - Revenue Bonds	-	-	-	-	-	-
1		Transfer Out for Emergency Fund	-	157,961	90,178	92,500	78,532	79,729
1		Transfer Out for cash Funded CIP	-	-	-	-	-	-
2	2.4%	Operating	-	-	-	-	-	-
3	2.4%	Operating	-	-	-	-	-	-
4	2.4%	Operating	-	-	-	-	-	-
5	2.4%	Operating	-	-	-	-	-	-
6	2.4%	Operating	-	-	-	-	-	-
7	2.4%	Operating	-	-	-	-	-	-
8	2.4%	Operating	-	-	-	-	-	-
9	2.4%	Operating	-	-	-	-	-	-

City of La Palma
Expenses Other than Major Capital Expenses

86	10	2.4%	Operating	-	-	-	-	-	-
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City of La Palma
CIP

Line No:	Funding Sources											Operatin g Fund Emergen cy Replac e	Description	2015	2016	2017	2018	2019	2020
	SRF Loan	Bonds	Cash Funded	Fund 9	Fund 8	Fund 7	Fund 6	Fund 5	Fund 4	Fund 3									
1												100%	Capital Projects						
2	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Sewer Deficiency Repairs	120,000	250,000	250,000	120,000	120,000	120,000
3	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Water Valves & Sewer Manholes	30,000	30,000	30,000	30,000	30,000	30,000
4	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Grease & Encrustation Removal	75,000	75,000	75,000	75,000	75,000	75,000
5	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Sewer System Evaluation & CCTV REVIEW (Ongoing)	50,000	60,000	60,000	60,000	60,000	60,000
6	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Sedaru Utility Management Software			35,000			
7	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	City Yard Fence		3,100				
8	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Storage Bin Roof		2,500				
9	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	City Yard Interior Improvements		20,700				
10	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	Other Projects	22,002					
Total													\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000	

City of La Palma
CIP Funding

Line No:		2015	2016	2017	2018	2019	2020
1	Capital Project Costs	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
2							
3							
4	Funding Sources						
5	Cash Funded	-	-	-	-	-	-
6	Fund 9	-	-	-	-	-	-
7	Fund 8	-	-	-	-	-	-
8	Fund 7	-	-	-	-	-	-
9	Fund 6	-	-	-	-	-	-
10	Fund 5	-	-	-	-	-	-
11	Fund 4	-	-	-	-	-	-
12	Fund 3	-	-	-	-	-	-
13	Emergency Replacement - Sewer	-	-	-	-	-	-
14	Operating Fund	297,002	441,300	450,000	285,000	285,000	285,000
15	New Bonds	-	-	-	-	-	-
16	New SRF	-	-	-	-	-	-
17							
18	Total Project Funding	\$ 297,002	\$ 441,300	\$ 450,000	\$ 285,000	\$ 285,000	\$ 285,000
19	Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Palma
Allocation of Water Costs

Allocation to Base Extra Capacity - Water

Line No:	Water Costs	Extra Capacity				Meters & Services	Billing & Collection	Fire Protection	Total
		Base	Max Day	Max Hour					
1	Source of Supply Water - SOS	\$ 1,592,800	\$ 1,592,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,592,800
2	Pumping Water - Pump	0	0	0	0	0	0	0	0
3	Water Treatment Water - Treat	0	0	0	0	0	0	0	0
4	Transmission & Distribution Water - T&D	488,100	199,962	159,361	112,669	0	0	16,107	488,100
5	Meter-related Services Water - CS	390,700	0	0	0	195,350	195,350	0	390,700
6	New Debt Service Water - New Bond DS	0	0	0	0	0	0	0	0
7	General Admin Water - Admin	249,500	180,974	16,087	11,374	19,720	19,720	1,626	249,500
8	Total	\$ 2,721,100	\$ 1,973,736	\$ 175,448	\$ 124,043	\$ 215,070	\$ 215,070	\$ 17,733	\$ 2,721,100
9	Allocation for Admin		73%	6%	5%	8%	8%	1%	
10	Fixed Charge Component	30%	\$ 592,121			\$ 215,070	\$ 215,070	\$ 17,733	\$ 1,039,994 38.22%
11	Flow Charge Component		\$ 1,381,615	\$ 175,448	\$ 124,043				\$ 1,681,106 61.78%
12	Total		\$ 1,973,736	\$ 175,448	\$ 124,043	\$ 215,070	\$ 215,070		\$ 2,721,100 100.00%

Allocation to Customer Class - Water - Annual Basis

Customer Class	Total Annual Flow	Average Daily Flow	Maximum Day			Maximum Hour			Total Costs
			Base	Capacity Factor	Total Capacity	Extra Capacity	Capacity Factor	Total Capacity	
SF	570,084	1,562		198%	3,086	1,524	260%	4,054	2,492
NR	312,039	855		185%	1,582	727	243%	2,078	1,223
Total	882,123	2,417			4,668	2,251		6,131	3,715
Allocated Costs			\$ 1,973,736			\$ 175,448		\$ 124,043	\$ 2,273,227
Billing Units			882,123			2,251		3,715	
Rate			\$ 2.24			\$ 77.94		\$ 33.39	

Customer Class	Total Annual Flow	Base Costs Allocated to Customer Class	Max Day Costs Allocated to		Extra Capacity	Max Hour Costs Allocated to Customer Class	Total Base Extra Capacity Costs Allocated to Customer Class	Cost Distribution
			Extra Capacity	Customer Class				
SF	570,084	\$ 1,275,554	1,524	\$ 118,809	2,492	\$ 83,216	\$ 1,477,579	65%
NR	312,039	\$ 698,182	727	\$ 56,639	1,223	\$ 40,826	\$ 795,648	35%
Total	882,123	\$ 1,973,736	2,251	\$ 175,448	3,715	\$ 124,043	\$ 2,273,227	100%

City of La Palma
Development of Base Service Charges

Line No:

1	Total Revenue Requirement	\$ 2,543,880
2	Less Vol Charge	<u>(1,571,619)</u>
3	Fixed Charge	\$ 972,261

		Meter	
Base Meter Calc:	Rev. Req.	Equivalents	Base Meter Rate
4	Flow Charge less Fire	\$ 954,528	
5	Allocable to All:	\$ 200,820	26,224 \$ 7.66
6	Allocable to only SF, MF, NR	<u>753,708</u>	<u>31,672 23.80</u>
7	Subtotal	\$ 954,528	\$ 31.46

		Fire Flow Calc:	
Allocable to all:			\$ 7.66
8	Direct Fire Allocation:	\$ 17,733	19,626 0.90
9	Subtotal	<u>\$ 17,733</u>	<u>\$ 8.56</u>
11	Total	<u>\$ 972,261</u>	

Meter Rate Calc:						
Meter Size	Meter Equivalents SF	Meter Equivalents MF-NR	Res	Multi-Non-Res	Fire Flow	
12	5/8"	1.00	1.00	\$ 31.46	\$ 31.46	\$ 8.56
13	3/4"	1.00	1.00	31.46	31.46	8.56
14	1.0"	1.00	1.00	31.46	31.46	8.56
15	1.5"	5.00	5.00	126.64	126.64	12.18
16	2.0"	8.00	8.00	198.04	198.04	14.89
17	3.0"	15.00	15.00	364.62	364.62	21.21
18	6.0"	50.00	50.00	1,197.52	1,197.52	52.84
19	8.0"	80.00	0.00	1,911.44	7.66	79.94
20	10.0"	115.00	0.00	2,744.35	7.66	111.57
21	12.0"	215.00	0.00	5,124.08	7.66	201.92

Meter Rev Calc.										
Meter Size	Number of Meters			Meter Rate			Meter Revenue			
	Res	Multi-Non-Res	Fire Flow	Res	Multi-Non-Res	Fire Flow	Res	Multi-Non-Res	Fire Flow	
22	24,805	66	4	\$ 31.46	\$ 31.46	\$ 8.56	\$ 780,245	\$ 2,076	\$ 34	
23	30	24	14	31.46	31.46	8.56	944	755	120	
24	84	120	-	31.46	31.46	8.56	2,642	3,775	0	
25	-	174	-	-	126.64	12.18	-	22,036	0	
26	-	516	36	-	198.04	14.89	-	102,187	536	
27	-	83	24	-	364.62	21.21	-	30,263	509	
28	-	6	108	-	1,197.52	52.84	-	7,185	5,706	
29	-	-	74	-	-	79.94	-	-	5,916	
30	-	-	44	-	-	111.57	-	-	4,909	
31	-	-	12	-	-	201.92	-	-	2,423	
32							\$ 783,831	\$ 168,277	\$ 20,153	
								Total:	<u>\$ 972,261</u>	

City of La Palma
Development of Volume Rates

Line No: _____

		Flow Charge Revenue Requirement										
		Res	Non-Res	Fire								
1	Total Revenue Requirement	\$ 2,523,727	\$ 1,640,402	\$ 883,325	\$ -							
2	Less Fixed Charge	(972,261)	\$ (783,831)	\$ (168,277)	\$ (20,153)							
3	Flow Charge	\$ 1,551,466	\$ 856,571	\$ 715,048	\$ (20,153)							
		Block										
		Base Block	Equiv. Factor	Final Block	Tier 1 Flow	Equiv. Factor	Equiv. Flow - Tier 1	Tier 2 Flow	Equiv. Factor	Equiv. Flow - Tier 2	Total Equiv. Flow	
4	Residential	455,642	14	1.0	14	305,532	1.00	305,532	150,110	1.00	150,110	455,642
5	MF-NR (5/8")	5,517	472	1.0	472	3,861	1.00	3,861	1,656	1.00	1,656	5,517
6	MF-NR (3/4")	701	26	1.0	26	480	1.00	480	221	1.00	221	701
7	MF-NR (1.0")	13,572	267	1.0	267	9,496	1.00	9,496	4,076	1.00	4,076	13,572
8	MF-NR (1.5")	18,497	113	1.0	113	12,902	1.00	12,902	5,595	1.00	5,595	18,497
9	MF-NR (2.0")	166,832	382	1.0	382	116,667	1.00	116,667	50,165	1.00	50,165	166,832
10	MF-NR (3")	44,509	613	1.0	613	31,143	1.00	31,143	13,366	1.00	13,366	44,509
11	MF-NR (6")	5,341	718	1.0	718	3,734	1.00	3,734	1,607	1.00	1,607	5,341
12	Total	710,611				483,815			226,796			710,611
13	Res. Flow Charge Rev. Req.	\$ 856,571										
14	Residential Equiv.	455,642										
15	SF - Tier 1 Rate	\$ 1.88										
16	SF - Tier 2 Rate	1.88										
17	Non Res. Flow Charge Rev. Req.	\$ 715,048										
18	Non-Residential Equiv.	254,969										
19	MF-NR - Tier 1 Rate	\$ 2.81										
20	MF-NR - Tier 2 Rate	2.81										
Revenue Calc:												
21	SF Tier 1	\$ 574,376										
22	SF Tier 2	282,195										
23	MF-NR Tier 1	500,975										
24	MF-NR Tier 2	215,488										
25	Total	\$ 1,573,034										
Flow												
26	Tier 1	480,081	68%									
27	Tier 2	225,189	32%									
		705,270										