Views of Soquel Creek Water District and Pure Water Soquel

Key Findings from a Survey of Customers Conducted January 13-20, 2020
Methodology

✓ 427 interviews with Soquel Creek Water District voters likely to participate in the November 2020 election

✓ Conducted January 13-20, 2020, online and via landline and cell phones

✓ Margin of sampling error of +/-5.7% at the 95% confidence level

✓ Due to rounding, some percentages do not add up to 100%

✓ Selected comparisons to prior research conducted by Goodwin Simon Strategic Research in 2015
The Soquel Creek Water District is the local agency that is responsible for your water. From what you know, would you say that in general the Soquel Creek Water District is doing an excellent job, a good job, only a fair job, or a poor job?

Impressions of the Water District overall are consistent with 2015, with nearly two-thirds rating its performance “excellent” or “good.”

- 2015:
  - Excellent: 16%
  - Good: 48%
  - Only fair: 21%
  - Poor: 8%
  - Don’t know: 7%

- 2020:
  - Excellent: 14%
  - Good: 50%
  - Only fair: 19%
  - Poor: 11%
  - Don’t know: 6%
Two-thirds have at least “some” trust in the District to find a responsible solution to water supply issues, similar to 2015.

How much do you trust the Soquel Creek Water District when it comes to finding a responsible solution to the water supply issues facing your area? Do you trust them a great deal, some, only a little, or not really at all?

**2015**
- A great deal: 21%
- Some: 49%
- Only a little: 18%
- Not really at all: 6%
- Don’t know: 6%

**2020**
- A great deal: 19%
- Some: 48%
- Only a little: 24%
- Not really at all: 12%
- Don’t know: 6%
While two in five believe their water bill is “too high,” just one-quarter felt the average cost of $80 per month is “too high.”

Do you feel that your water bill is _____?

- Too high: 39%
- About right: 46%
- Too low: 2%
- Don’t know: 13%

An average water customer pays approximately $80 per month, which is less than 2 cents per gallon of water. Do you feel that cost is _____?

- Too high: 26%
- About right: 59%
- Too low: 6%
- Don’t know: 8%
Three in five understand that the District gets water from groundwater.

Please tell me if your area does, or does not, get water from each of the following possible sources. You can answer yes or no to each one. (% Yes)

- From groundwater pumped up from underground wells: 59%
- From local creeks or rivers: 40%
- From recycled water that has been purified: 21%
- From the Sierra Nevada mountains: 14%
- From a desalination plant: 7%
They overwhelmingly agree that investment is needed now to ensure reliable, safe water supplies, and that the District should act.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strong Agree</th>
<th>Strong Disagree</th>
<th>Mixed Agree</th>
<th>Mixed Disagree</th>
<th>Total Agree</th>
<th>Total Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment is needed now to ensure we have a reliable, safe water supply for the future</td>
<td>64%</td>
<td>27%</td>
<td></td>
<td></td>
<td>91%</td>
<td>7%</td>
</tr>
<tr>
<td>Soquel Creek Water District needs to take strong action now to address the over-drafting and seawater contamination of our local groundwater</td>
<td>56%</td>
<td>33%</td>
<td>6%</td>
<td></td>
<td>89%</td>
<td>5%</td>
</tr>
<tr>
<td>I’ve already cut back on water use for my home as much as I can; there is not much more I can do to save water</td>
<td>44%</td>
<td>36%</td>
<td>14%</td>
<td>6%</td>
<td>79%</td>
<td>20%</td>
</tr>
<tr>
<td>Seawater is already contaminating our groundwater</td>
<td>32%</td>
<td>37%</td>
<td>14%</td>
<td>14%</td>
<td>69%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Q10. I am going to read you a list of statements about local water supplies. Please tell me whether you generally agree or disagree.

^Not Part of Split Sample
Respondents next heard or read a description of recycled water and how it is used.

The next questions focus specifically on “recycled water.” Recycled water is already-treated wastewater that goes through additional treatment so it can be used again.

There are two types: the first type is recycled water that is treated for use in park irrigation, gardening, food crops, and landscaping.

The second type, purified recycled water, goes through multiple advanced treatment processes to meet the highest safety levels required by the California division of drinking water. Once it is purified, it is pumped into the ground and stored, joining existing groundwater. The purified water is further filtered naturally through soils underground. After it is pumped back up, the water is then additionally tested and treated to ensure it meets or exceeds drinking water standards. It is then sent to homes and businesses for all uses, including drinking.
Nearly three in five say they are at least “somewhat familiar” with purified recycled water.

How familiar would you say you are with the second type of purified recycled water I mentioned: very familiar, somewhat familiar, not too familiar, or not at all familiar?

- Very familiar: 10%
- Somewhat familiar: 47%
- Not too familiar: 22%
- Not at all familiar: 19%
- Don't know: 2%

More Likely to Be Familiar:
- Democratic men
- Men ages 50+
- HH income $60K-$150k
- Non-college educated men
Broad majorities found gardening and landscaping, irrigation, and replenishing groundwater to prevent intrusion acceptable.

Here is a list of potential uses for purified recycled water, the second type of recycled water I just described. Please tell me whether you consider each item to be a completely acceptable use, somewhat acceptable, somewhat unacceptable, or completely unacceptable use for purified recycled water.

<table>
<thead>
<tr>
<th>Use in homes and businesses, including for drinking water, after being mixed with groundwater</th>
<th>Total Acc.</th>
<th>Total Unacc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gardening and landscaping</td>
<td>72%</td>
<td>16%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>67%</td>
<td>17%</td>
</tr>
<tr>
<td>Replenishing local groundwater supplies to prevent further contamination by saltwater from the ocean</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Replenishing local groundwater supplies</td>
<td>43%</td>
<td>27%</td>
</tr>
<tr>
<td>Use in homes and businesses, including for drinking water</td>
<td>33%</td>
<td>31%</td>
</tr>
</tbody>
</table>
Next, respondents heard or read a description of the Pure Water Soquel project.

The Pure Water Soquel project will put already-treated wastewater through an advanced water purification process, and then use that purified water to replenish our groundwater supply. Recharging our groundwater basin will prevent seawater from entering the basin. This purified recycled water will be pumped and treated again, eventually becoming part of the water supply delivered to customers in your area for all household uses, including drinking.

Would you say you are comfortable or uncomfortable with the Pure Water Soquel project?
More than seven in ten said they were comfortable with the project – and more are “very comfortable” than at all uncomfortable.

Would you say you are comfortable or uncomfortable with the Pure Water Soquel project?

- Very comfortable: 32%
- Somewhat comfortable: 41%
- Somewhat uncomfortable: 11%
- Very uncomfortable: 13%
- Don't know: 4%

Total Comfortable: 73%
Total Uncomfortable: 23%
Those who gave the District higher approval and trust ratings were more likely to be comfortable with the Pure Water plan.

**Comfort with Pure Water Soquel by SqCWD Rating & SqCWD Trust**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Excellent/Good</td>
<td>37%</td>
<td>44%</td>
<td>9%</td>
<td>7%</td>
<td></td>
<td>81%</td>
<td>16%</td>
</tr>
<tr>
<td>Only Fair</td>
<td>28%</td>
<td>34%</td>
<td>20%</td>
<td>13%</td>
<td></td>
<td>62%</td>
<td>34%</td>
</tr>
<tr>
<td>Poor</td>
<td>12%</td>
<td>32%</td>
<td>50%</td>
<td></td>
<td></td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>Don't Know</td>
<td>31%</td>
<td>46%</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
<td>78%</td>
<td>15%</td>
</tr>
</tbody>
</table>

**A Great Deal/Some**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Only a Little/Not Really at All</td>
<td>17%</td>
<td>38%</td>
<td>5%</td>
<td>11%</td>
<td>29%</td>
<td>55%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Q14. Would you say you are comfortable or uncomfortable with the Pure Water Soquel project?
Conclusions

✓ Job ratings for the District are steady, with more than three in five giving an “excellent” or “good” rating.
  ▪ Overall trust in the District to find a solution to water supply issues is also similar to five years ago.

✓ Most saw their water bills as “about right,” though nearly as many believed they are “too high.”
  ▪ Provided the context that the average water bill is $80 per month, more were likely to say that figure is “about right.”

✓ Customers show uncertainty about where water comes from, though most understand groundwater is a source.

✓ Three in five are concerned about saltwater intrusion (when explained in plain language); there is broad agreement the District needs to take strong action to address it.

✓ Most believe they’ve already cut back on water use as much as they can.

✓ More than half say they are familiar with recycled water after an explanation; fewer than three in ten think it is being used already.
  ▪ Gardening and irrigation are broadly acceptable uses; a slim majority says it’s acceptable for drinking water as well.

✓ Given the description of Pure Water Soquel, 73% are comfortable with the idea.
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Dave@FM3research.com

Miranda Everitt
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2020/21 Draft Budget
Planning Environment

- Budget Efficiencies
- Current Economic Conditions
  - COVID-19
  - Recessionary Economy
  - Mega Drought
  - Global Warming
Customer Care

• COVID-19
  • Suspension of Shut Offs
  • Waive Late Fees
  • Long and Short-Term Payment Arrangements
  • Virtual Conservation Surveys
• Long-Term Support
  • AMI and Rate Structure Options
  • Low-Income Rate Assistance (LIRA)
Funding Streams

• Water Rates and Fees (Pay-Go)
• Proposition 1 Implementation Grant
• Seawater Intrusion Control Fund (SWIC) Loan
• Water Infrastructure and Financing Innovation Act (WIFIA) Loan
• Interim Debt Financing
Long-Term Financial Planning
Connecting Planning and Budget

Finance Plan
- Formally Adopted with Rate Study
- Reviewed During Budget Process

Rates
- 5 Year Rate Study
- Rates Based Cost of Service Identified in Finance Plan

Annual Budget
- Spending Outside of Plan Not Supported by Rates
- Not Financially Sustainable Unless Revenue Exceeds Budget Expectations
Financial Policies

• Debt Management Policy – Resolution 17-10 adopted 6/6/17
  • Limitation on uses of debt
    • Acquisition, substantial refurbishment, replacement or expansion of assets
  • Minimum debt coverage ratio target
    • Bond covenants specify 1.2 (120% of debt)
    • District adopted a minimum of 1.7 (170% of debt)
Financial Policies

- Reserve Policies – Resolution 17-11 adopted 6/6/17
  - Operating Contingency Reserve
    - 40% of operating expenses when combined with $2M rate stabilization reserve
    - Changes anticipated with new debt

- Capital Facilities Reserve
  - Maintenance, repair or replacement of existing water system infrastructure
  - Funded through Board allocation
    - Gain in net position as identified in financial statements – none for the FY 2018/19
    - Balance as of 12/2019 $2,839,300 – will be adjusted for FY 2019/20 actuals
Assumptions Included in Finance Plan

- Revised Plan August 2018
  - Developed by Raftelis Financial Consultants
  - Scenario – $90 million supplemental supply project with no grants
    (Engineering Class IV estimate originally $65 - $135M)

- Inflation factors over 2017/18 base year
  - General inflation – 3%
  - Salaries – 6%
  - Benefits/Chemicals/Energy – 5%
  - Capital – 4%
  - Interest – 1%
Assumptions Included in Finance Plan

- Capital Improvement Plan 2020/21 – Budgeted $7,129,100

<table>
<thead>
<tr>
<th>CIP Scenario 2 - PWS w/out Grants</th>
<th>FYE 2020 Projected</th>
<th>FYE 2021 Projected</th>
<th>FYE 2022 Projected</th>
<th>FYE 2023 Projected</th>
<th>FYE 2024 Projected</th>
<th>FYE 2025 Projected</th>
<th>FYE 2026 Projected</th>
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</thead>
<tbody>
<tr>
<td>Project Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Well Master Plan and Sources</td>
<td>$0</td>
<td>$0</td>
<td>$36,000</td>
<td>$1,380,000</td>
<td>$0</td>
<td>$1,527,000</td>
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<td>Water Treatment</td>
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<td>$600,000</td>
<td>$3,250,000</td>
<td>$3,250,000</td>
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<tr>
<td>Main Replacements</td>
<td>$0</td>
<td>$200,000</td>
<td>$365,000</td>
<td>$720,000</td>
<td>$2,295,000</td>
<td>$2,523,000</td>
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<tr>
<td>Tank Recoats &amp; Maintenance</td>
<td>$0</td>
<td>$6,600,000</td>
<td>$735,000</td>
<td>$3,600</td>
<td>$663,700</td>
<td>$803,800</td>
<td>$780,000</td>
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<tr>
<td>Service Area I Water Mains/Transmission</td>
<td>$0</td>
<td>$1,600,000</td>
<td>$0</td>
<td>$100,000</td>
<td>$1,200,000</td>
<td>$0</td>
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<tr>
<td>Service Area II Water Mains/Transmission</td>
<td>$1,600,000</td>
<td>$60,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Service Area III &amp; IV Water Mains/Transmission</td>
<td>$0</td>
<td>$215,000</td>
<td>$200,000</td>
<td>$725,000</td>
<td>$790,000</td>
<td>$1,667,000</td>
<td>$0</td>
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<tr>
<td>Water Service Replacement Projects</td>
<td>$0</td>
<td>$215,000</td>
<td>$200,000</td>
<td>$725,000</td>
<td>$790,000</td>
<td>$1,667,000</td>
<td>$0</td>
</tr>
<tr>
<td>District Headquarters Facilities Master Plan</td>
<td>$0</td>
<td>$215,000</td>
<td>$200,000</td>
<td>$725,000</td>
<td>$790,000</td>
<td>$1,667,000</td>
<td>$0</td>
</tr>
<tr>
<td>Conservation Projects</td>
<td>$0</td>
<td>$215,000</td>
<td>$200,000</td>
<td>$725,000</td>
<td>$790,000</td>
<td>$1,667,000</td>
<td>$0</td>
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<tr>
<td>Additional Annual CIP</td>
<td>$250,000</td>
<td>$260,000</td>
<td>$270,000</td>
<td>$281,216</td>
<td>$295,277</td>
<td>$310,041</td>
<td>$325,543</td>
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<tr>
<td>Total Capital Projects (INFLATED)</td>
<td>$1,850,000</td>
<td>$8,935,000</td>
<td>$1,570,400</td>
<td>$4,548,977</td>
<td>$9,775,841</td>
<td>$8,405,543</td>
<td></td>
</tr>
</tbody>
</table>
# Budget Compared to Revised Plan

<table>
<thead>
<tr>
<th></th>
<th>Proposed Budget</th>
<th>Finance Plan</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Reserves</td>
<td>$ 13,061,400</td>
<td>$ 29,333,000</td>
<td>-16,271,600</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>$23,620,400</td>
<td>$24,948,600</td>
<td>-1,328,200</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$14,080,900</td>
<td>$14,684,900</td>
<td>-604,000</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>$66,473,800</td>
<td>$41,735,000</td>
<td>-4,542,800</td>
</tr>
<tr>
<td>Debt Issuance</td>
<td>$57,700,000</td>
<td>$28,500,000</td>
<td>+29,200,000</td>
</tr>
<tr>
<td>Ending Reserves</td>
<td>$13,011,100</td>
<td>$20,936,800</td>
<td>-7,925,700</td>
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<tr>
<td>Target Debt Coverage</td>
<td>2.79</td>
<td>1.86</td>
<td></td>
</tr>
</tbody>
</table>
Budget Balancing Cuts - $1.2M

- Paving and Backfill costs reduced $14,000
- Operations and Maintenance Services and Supplies reduced $50,000
- Cell phone replacements deferred to save $10,000
- Operations and Maintenance training costs reduced by $10,600
- Waterfluence irrigation site surveys reduced to save $4,300
- Irrigation rebates/incentives reduced by $100,000
- Other Conservation rebates reduced by $60,000
- Computer Services and Supplies have been reduced by $6,600
- Audit Services with a new audit firm have saved $500
Budget Balancing Cuts - $1.2M

- Water Purchase from the City of Santa Cruz reduced to $90,000
- Estates Backwash Basin Upgrade was deferred to save $50,000
- Replacement of Unit 30 truck was deferred for a second year to save $37,000
- Security Camera replacements were deferred to save $50,000
- Seascape Booster Pump upgrades were deferred to save $120,000
- Cunnison Lane Pressure System Connection was deferred to save $700,000
2020/21 Draft Budget
2020/21 Draft Budget

REVENUE ASSUMPTIONS

• **Water Sales** - $14.7 million
  - Water consumption projections lowered compared to Finance Plan based on actual consumption from April 2019 – March 2020.
  - SFR Tier 1 reduction 2.96%; Tier 2 reduction 15.34%
  - MFR Tier 1 increase 5.89%; Tier 2 reduction 4.81%
  - Non residential reduction 3.08%
  - Scheduled rate increase projected for Jan 2021

• **Water Service Charges** - $8.3 million
  - Includes 6% contingency for suspended accounts
2020/21 Draft Budget

REVENUE ASSUMPTIONS

• Agency Reimbursements - $30,000
• Grant Disbursements
  • $5,588,900 Prop 1 Implementation Grant (State Water Resources Control Board)
• Water Capacity Fees - $170,000 (Restricted)
• Water Demand Offset Fees - $300,000 (Restricted)
• Other Operating Revenue - $65,000
• Non-operating Revenue - $105,000
2020/21 Draft Budget

To be retired by grants and low interest state and federal loans
2020/21 Draft Budget
PERSONNEL WAGES AND BENEFITS

Budgeted Staff FTE 7-year Comparison

2014/15 | 51.63
2015/16 | 46.075
2016/17 | 43.5
2017/18 | 45.8
2018/19 | 45.8
2019/20 | 45.8
2020/21 | 47.8

- Addition of 2 Full Time Equivalents (FTE) (Limited term positions and 1 already approved in 2019)
- No anticipated retirements
2020/21 Draft Budget

PERSONNEL WAGES AND BENEFITS

• Wages expected to increase 6% over the prior year
  • Includes 2 add’l FTE

• Overall benefits expected to increase by 12.41%
  • Health benefits increased by 10.76%
  • Retirement benefits increased by 16.14%
  • Miscellaneous benefits decreased by 0.07%

Budgeted Personnel Costs 7-year Comparison
2020/21 Draft Budget

OPERATIONS & MAINTENANCE – BASE OPERATING EXPENSES

• Increased groundwater management and rain and stream gage expenses by $155k, includes $12k for general hydrology and $12k for on-call well services

• Groundskeeping expenses increased by $12k for Glenwood survey and tree mitigation at District sites

• Power expected to decrease by 2%

• $23k increase in expenses for labs and water treatment

• 4.18% increase in overall base operating expenses from prior year
2020/21 Draft Budget

ENGINEERING – BASE OPERATING EXPENSES

• Slight increase in well services, engineering supplies and computer services budgets

• Slight decrease in training and offices supplies budgets

• 5.45% increase in overall base operating expenses from prior year
2020/21 Draft Budget

CONSERVATION/CUSTOMER SERVICE FIELD – BASE OPERATING EXPENSES

- $18k increase in services and meters primarily for annual maintenance on base stations and repeaters
- $67k decrease in outreach, rebates and meter reading supplies
- $50k increase in conservation supplies/services for UWMP
- 6.43% increase in overall base operating expenses from prior year
2020/21 Draft Budget

ADMINISTRATION – BASE OPERATING EXPENSES

- Split from Special Projects/Communications budget
- Decrease in professional development, management and computer services
- $2k decrease in professional organizations
- $50k increase in legal services
2020/21 Draft Budget

SPECIAL PROJECTS/COMMUNICATIONS – BASE OPERATING EXPENSES

• Split from Administration Budget
• Addition of 2 FTE Water Resources Planner (Limited terms)
• Increase of $9k in Outreach Supplies/Services
• Increase in Special Projects Supplies/Services and Professional Development
2020/21 Draft Budget
FINANCE AND BUSINESS SERVICES – BASE OPERATING EXPENSES

- $40k increase in overhead costs for insurance, utilities, postage, and network administration
- $19k decrease in collection and account maintenance costs
- 3.75% increase in overall base operating expenses from prior year
2020/21 Draft Budget

HUMAN RESOURCES – BASE OPERATING EXPENSES

- Includes funding for a part-time summer intern
- Slight increases in office, computer, and HR supplies and services
- 4.86% increase in overall base operating expenses from prior year
Pay-Go Funding

Operating Projects

- MGA - $0 due to grant proceeds
- Prep for Pre-1914 Water Purchase from City of Santa Cruz - $90,000 (PY $160,000)
- Fairway Tank Recoat - $760,000
- Rio Del Mar/Sumner Railroad Crossing Assessment - $15,000
- Repair Ironwood Tank Roof Corrosion - $15,000
- O’Neill Ranch Well Mitigation Coastal Oaks - $90,000
- America’s Water Infrastructure Act (AWIA) Risk Resilience Assessment - $150,000
- La Selva Acres Appraisal - $8,000
- Computer Network Switch Replacement - $18,100
Pay-Go Funding

Capital Improvement Projects

- 1,2,3-TCP Treatment Feasibility Study - $200,000
- Ammonia Treatment at O’Neill - $20,000
- Begin St. Andrews Drive/Baltusrol MR - $1,000,000
- Begin Huntington Drive MR - $600,000
- Alta Drive Service Installation and Trench Repair - $260,000
- Replace Small Dump Truck - $75,000
- Replace Valve Exercise Trailer - $88,000
Capital Facilities Reserve Funding

- Complete Automated Meter Infrastructure (AMI) Upgrade Project - $580,000 (temporary)
- Upgrade Austrian Booster Pumps - $20,000
- Aquaview Booster Station Upgrade - $80,000
- Fairway Booster Station Upgrade - $60,000
- Install Variable Frequency Drive at Rosedale - $70,000
- Install Variable Frequency Drive at Garnet - $70,000
Certificates of Participation Funding

- Quail Run Tank Design & Construction - $537,400 (remainder funded from new debt)
- Soquel Drive Cast Iron Main Replacement Phase IV - $5.3M (carryover from prior year)

New Debt Issuance

- Pure Water Soquel - $55.2M
- Quail Run Tank Design & Construction - $2.5M
2020/21 Draft Budget

Total Uses of Funds $86.5 million
2020/21 Budget

- Capital Improvement Projects, $66,473,800
- Non-Operating Expenses, $500,000
- Debt Service, $5,424,900
- Personnel Salaries, $5,310,600
- Personnel Benefits, $2,482,500
- Other Post Employment Benefits (OPEB), $869,500
- Supplies and Services, $4,272,200
- Operating Projects, $1,146,100
## Debt Coverage Ratio

<table>
<thead>
<tr>
<th></th>
<th>2018/19 BUDGET</th>
<th>2019/20 BUDGET</th>
<th>2020/21 BUDGET (PROPOSED)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt Service Coverage Calculation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Sources of Funds, Less Reserve Fund Expenditures</td>
<td>$22,337,400</td>
<td>$23,465,100</td>
<td>$29,209,300</td>
</tr>
<tr>
<td><strong>Operating Expenses and Excludable Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$16,553,800</td>
<td>$12,628,800</td>
<td>$14,080,900</td>
</tr>
<tr>
<td>Excludable Items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staffing Costs Related to Capital Projects</td>
<td>(395,000)</td>
<td>(448,000)</td>
<td>(321,100)</td>
</tr>
<tr>
<td>Conservation Rebate Program</td>
<td>(275,000)</td>
<td>(235,000)</td>
<td>(175,000)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$15,883,800</td>
<td>$11,945,800</td>
<td>$13,584,800</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERS Unfunded Actuarial Pension Liability Paydown</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Net Income Before Debt Service</strong></td>
<td>$5,953,600</td>
<td>$11,019,300</td>
<td>$15,124,500</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates of Participation</td>
<td>2,444,200</td>
<td>2,490,000</td>
<td>2,487,400</td>
</tr>
<tr>
<td>New Debt Issuance</td>
<td></td>
<td>1,468,700</td>
<td>2,937,500</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td>$2,444,200</td>
<td>$3,958,700</td>
<td>$5,424,900</td>
</tr>
<tr>
<td><strong>Debt Coverage Ratio</strong></td>
<td>2.44</td>
<td>2.78</td>
<td>2.79</td>
</tr>
</tbody>
</table>
2020/21 – Debt Coverage Ratio

Trends in Budgeted Debt Coverage Ratio

- 2008/09: 7.92
- 2009/10: 5.70
- 2010/11: 6.34
- 2011/12: 3.60
- 2012/13: 2.72
- 2013/14: 2.14
- 2014/15: 1.69
- 2015/16: 1.48
- 2016/17: 2.12
- 2017/18: 1.90
- 2018/19: 2.30
- 2019/20: 2.78
- 2020/21: 2.79
## 2020/21 – Change in Reserves

<table>
<thead>
<tr>
<th>Ending Reserves</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Contingency Reserve</td>
<td>$3,052,000</td>
<td>$3,632,000</td>
</tr>
<tr>
<td>Rate Stabilization Reserve</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Capital Facilities Reserve, Net of Drawdown</td>
<td>2,839,300</td>
<td>2,099,300</td>
</tr>
<tr>
<td>General Reserve</td>
<td>12,200</td>
<td>5,289,800</td>
</tr>
<tr>
<td><strong>Total Ending Reserves</strong></td>
<td><strong>$7,903,500</strong></td>
<td><strong>$13,021,100</strong></td>
</tr>
</tbody>
</table>
Budget Timeline – Next Steps

CONSIDERATION OF INTERIM LOAN AGREEMENT – MAY 19, 2020

PRESENTATION OF BUDGET – JUNE 2, 2020

INCORPORATE INPUT

PRESENTATION OF FINAL BUDGET FOR ADOPTION (IF NEEDED) – JUNE 16, 2020