



**San Diego County
Water Authority**

Our Region's Trusted
Water Leader

Recommended Calendar Year 2020 Rates & Charges

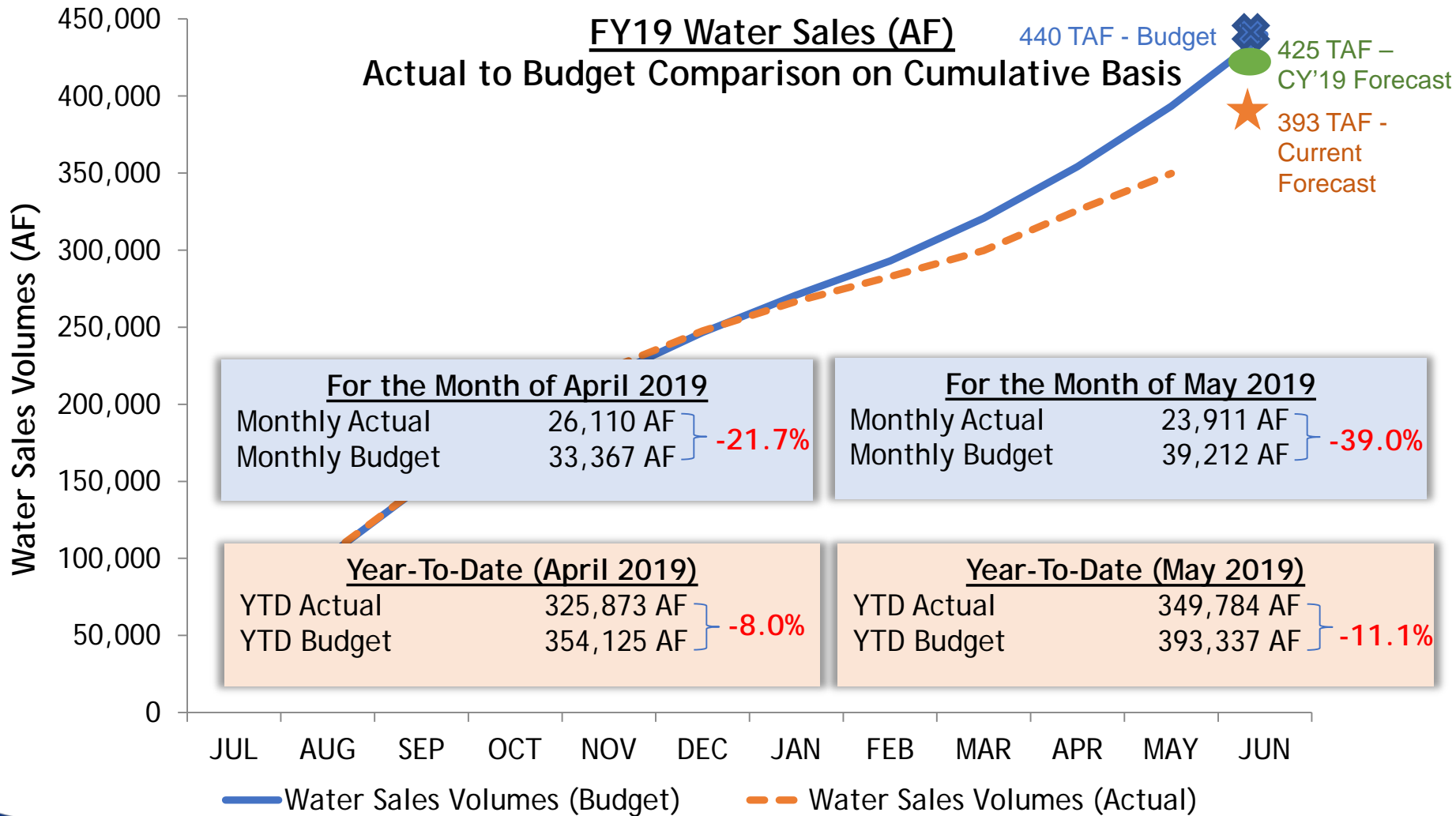
Administrative and Finance Committee
June 27, 2019

Lisa Marie Harris, Director of Finance/Treasurer
Pierce Rossum, Rate & Debt Manager

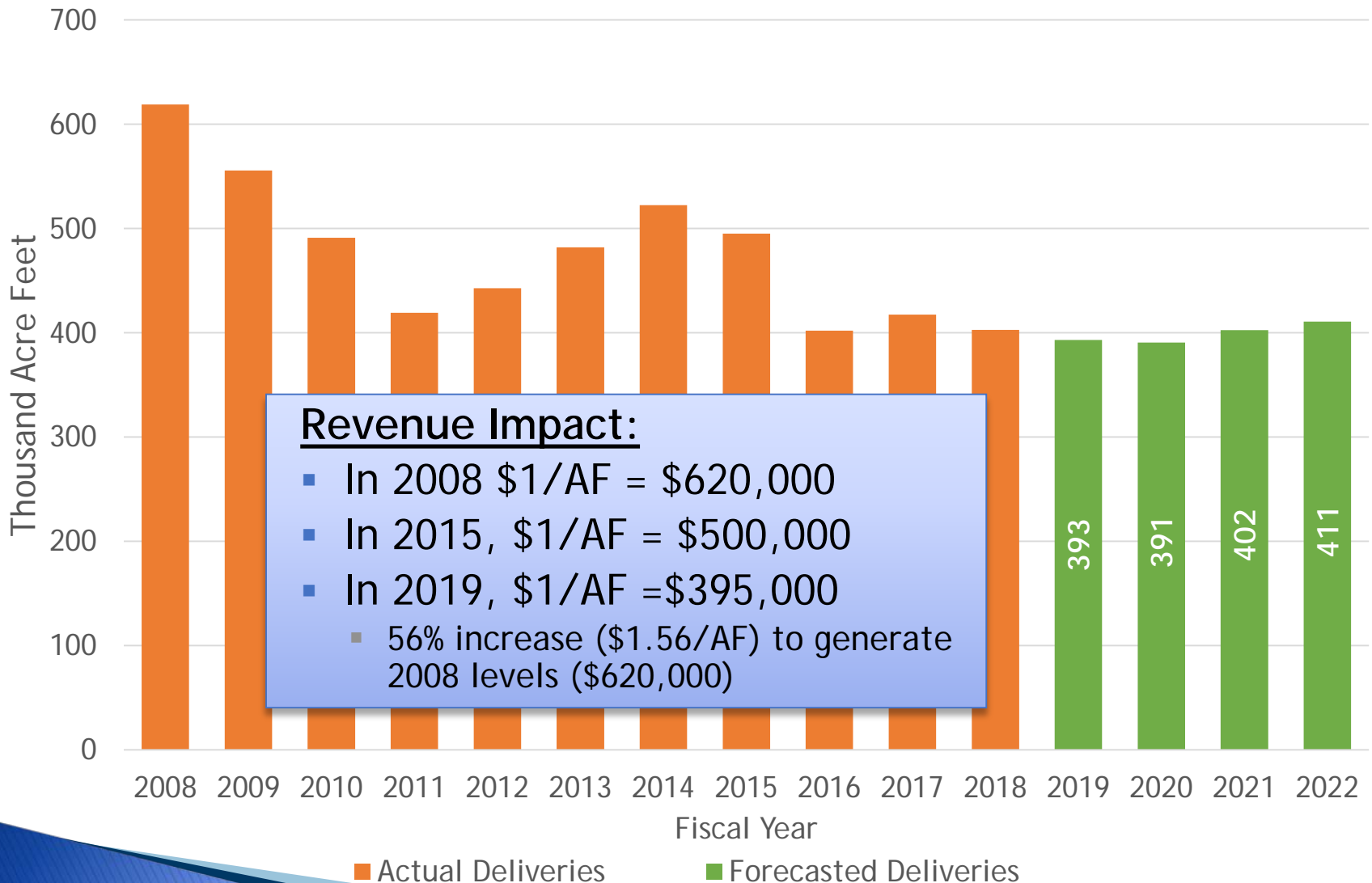
CY 2020 Rate and Charge Drivers

- Water Sales Demand Forecast
 - 397,000 AF Deliveries, down 7% from CY 2019 forecast
- MWD Rate Adjustments
 - QSA Exchange Rate increase of 6.4%
- Ramp-up of IID deliveries (+32,500 AF)
- Increased CIP expenditures
- Carlsbad Temporary Intake Operation Costs

FY19 Water Sales Forecasted 10% Below Budget



Historical & Forecasted Water Sales



MWD's Rates and Charges

recommended MWD	CY 2019	CY 2020	%Δ
Tier 1 Supply (\$/AF)	\$209	\$208	(0.5)%
System Access	\$326	\$346	6.1%
Water Stewardship (N/A to QSA)	\$69	\$65	(5.8)%
System Power	\$127	\$136	7.1%
Treatment	\$319	\$323	1.3%
Tier 1 Untreated	\$731	\$755	3.3%
Tier 1 Treated	\$1,050	\$1,078	2.7%
Readiness-to-Serve (\$M)	\$133	\$136	2.3%
Capacity Charge (\$/cfs)	\$8,600	\$8,800	2.3%

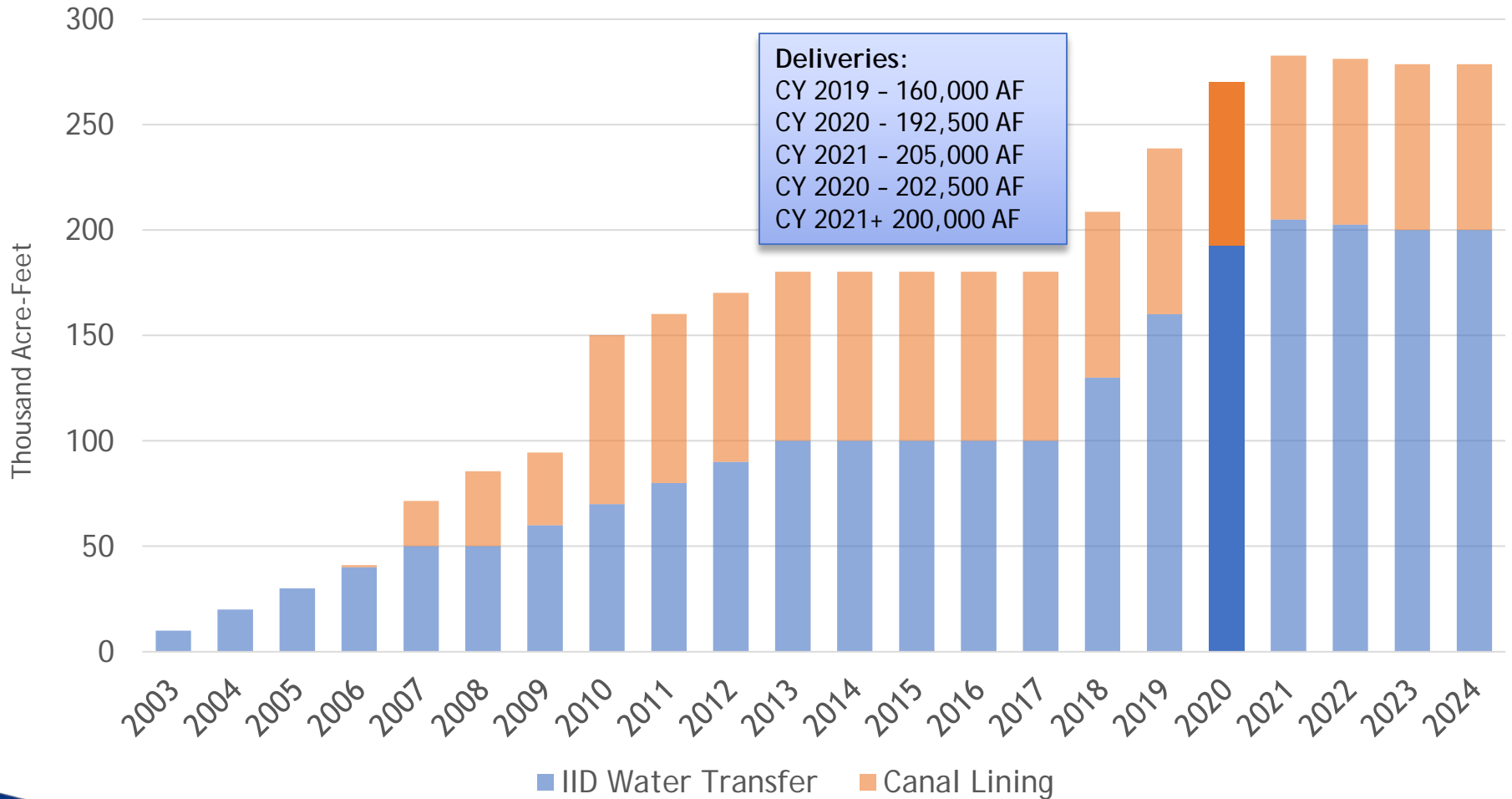
Transportation

- 4.8% ↑ on MWD supply
- 6.4% ↑ on QSA Supply



Ramp-up of IID Deliveries

IID & Canal Lining Deliveries 2003-2024

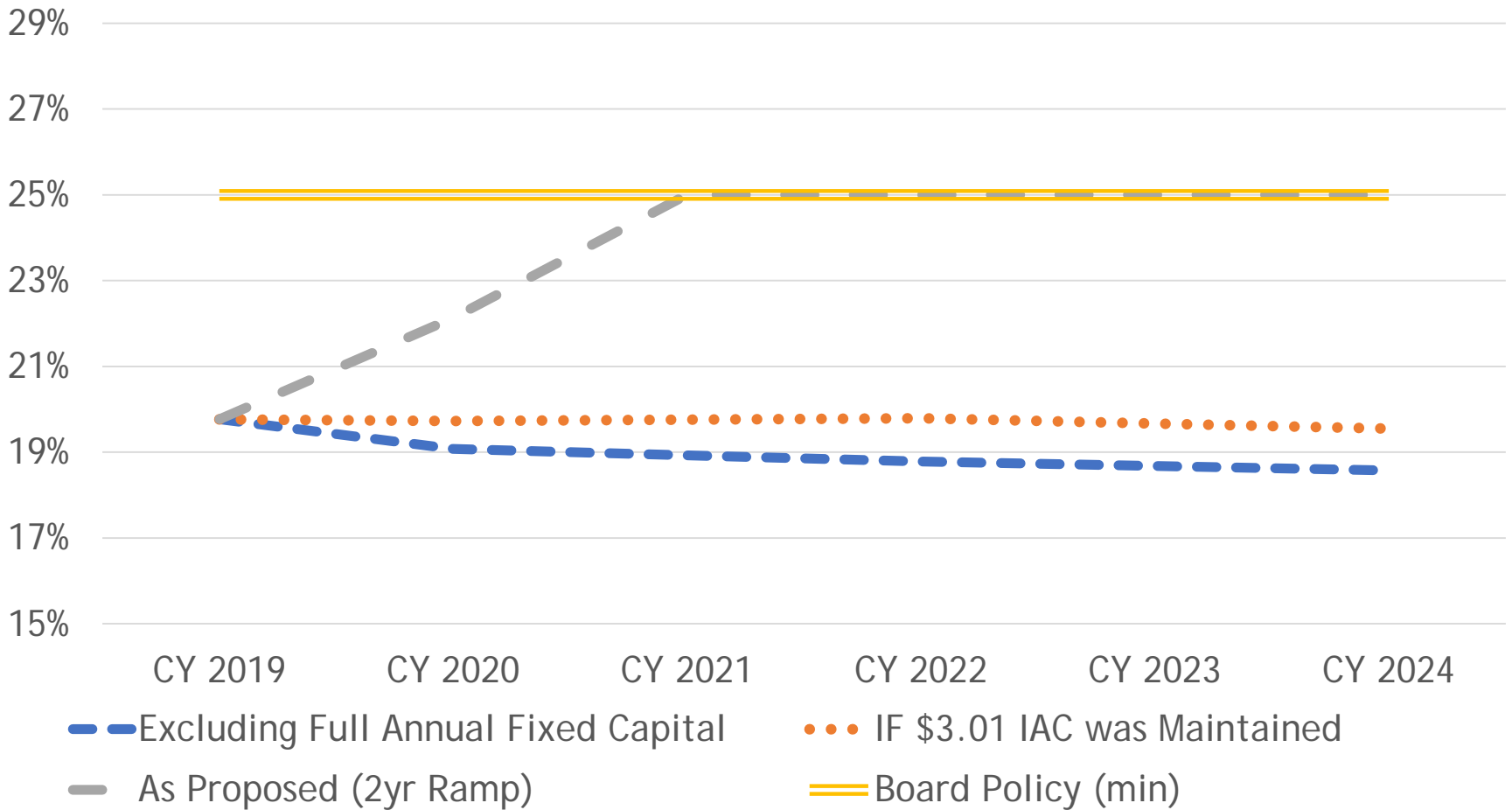


Recommended Increases to IAC

Infrastructure Access Charge provides funding for at least 25% of the Authority's fixed costs, when added to the standby availability charge and property tax revenues

- IAC to increase over two-year period (*CY 2020 & CY 2021*)
- Supports transition to PAYGO CIP
- Greater revenue stability affords ability to draw reserves and limit future increases
- Adjustment to IAC is revenue neutral, any reduction would be offset by corresponding rate increases

Ramp-Up achieves IAC Board policy target level

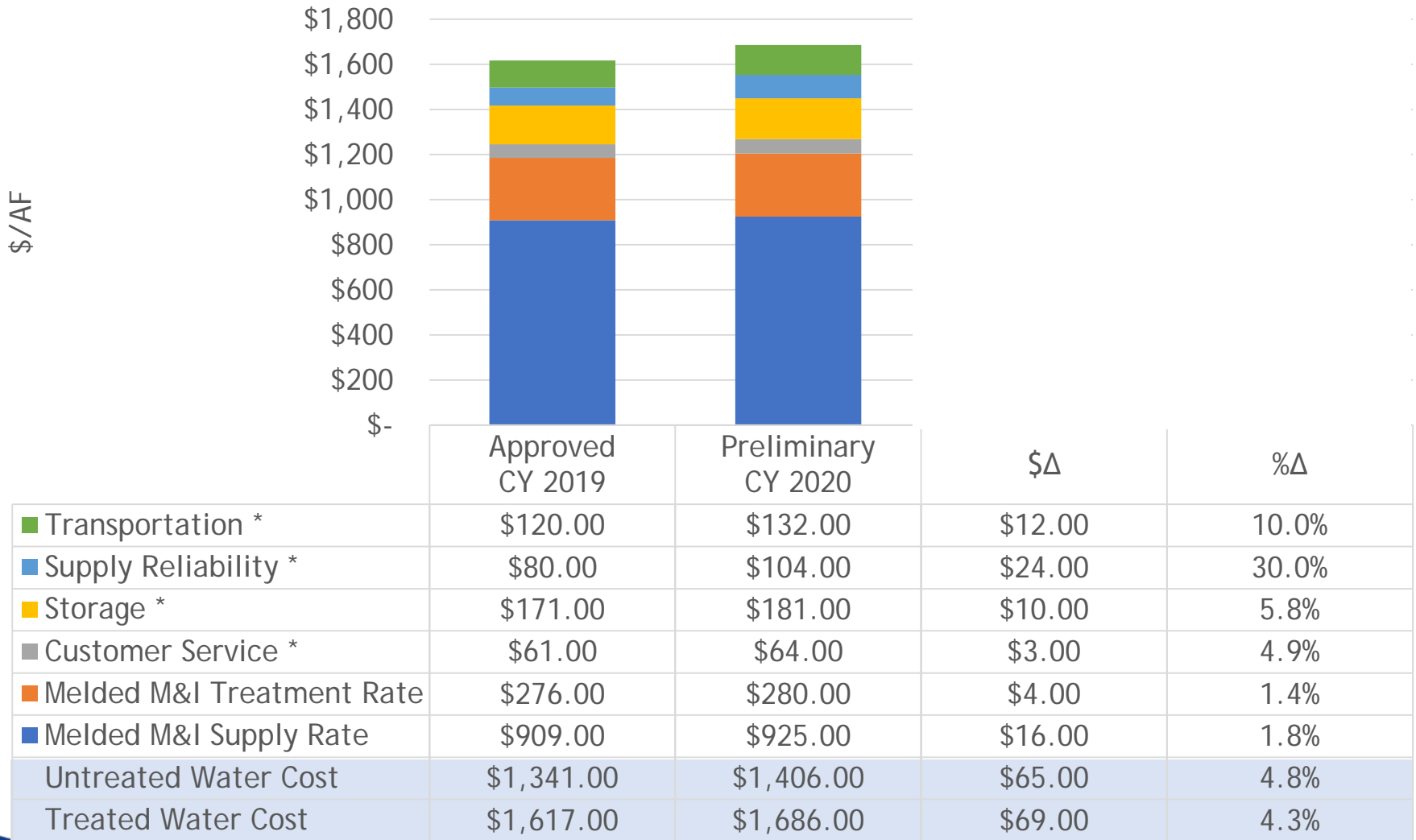


Recommended CY 2020 Rates & Fixed Charges

	CYE 2019	CYE 2020	%Δ
Variable Rates (\$/AF)			
Melded M&I Supply Rate	\$909.00	\$925.00	1.8%
Melded M&I Treatment Rate	\$276.00	\$280.00	1.4%
Transportation	\$120.00	\$132.00	10.0%
Untreated SAWR ¹	\$731.00	\$755.00	3.3%
Treated SAWR ¹	\$1,007.00	\$1,035.00	2.8%
Fixed Charges (\$M)			
Customer Service	\$25.60	\$25.60	0.0%
Storage	\$65.00	\$65.00	0.0%
Supply Reliability	\$30.20	\$37.43	23.9%
Other Charges			
Infrastructure Access Charge (\$/ME) ²	\$3.01	\$3.66	21.6%
Standby Availability Charge (\$) ³	\$10	\$10	0.0%
System Capacity Charge (\$/ME) ²	\$5,267	\$5,301	0.6%
Treatment Capacity Charge (\$/ME) ²	\$146	\$147	0.6%
Annexation Application Fee (\$)	\$10,681	\$10,749	0.6%

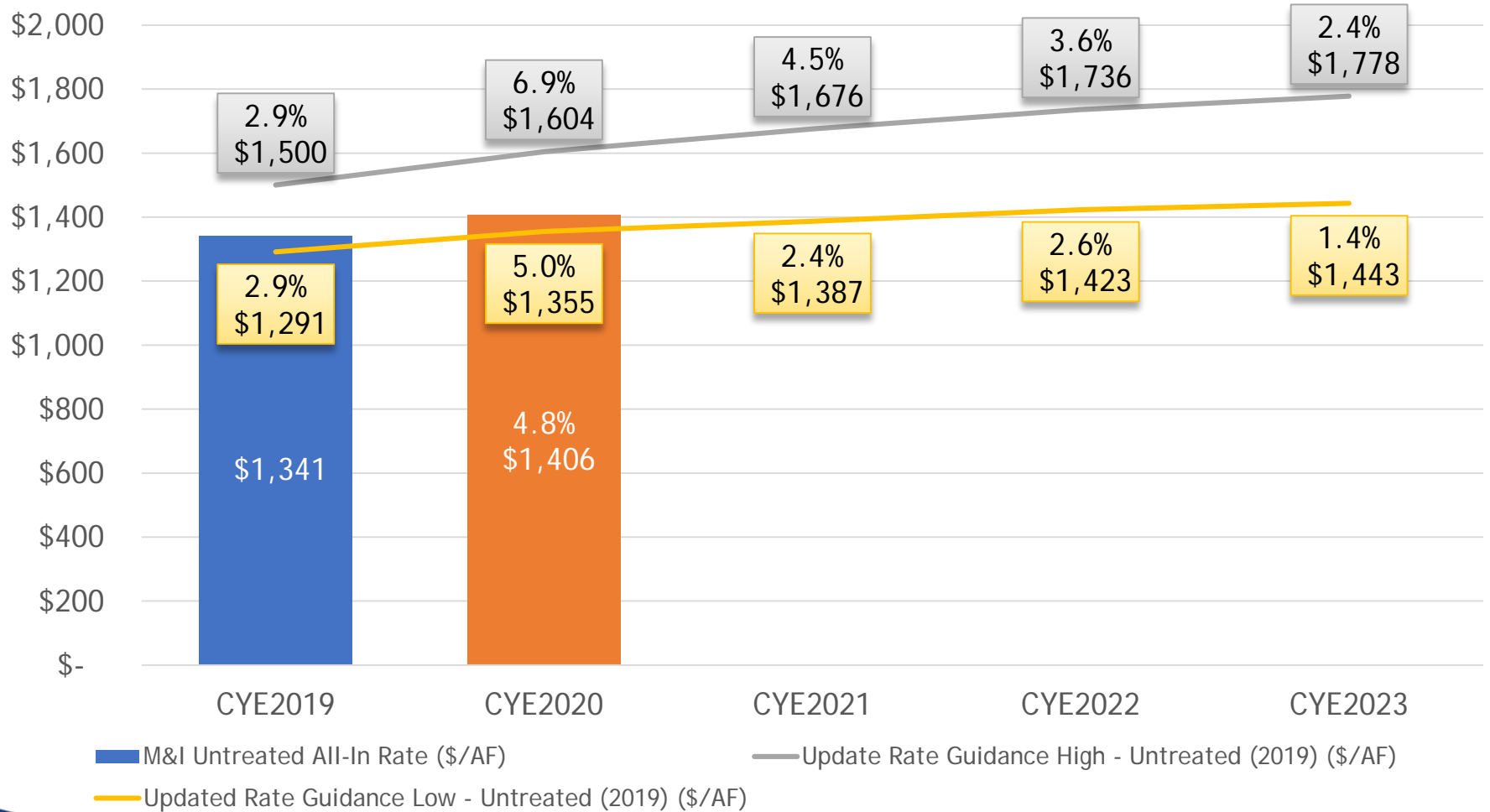
1. Per current Board Policy, SAWR is set to end December 31, 2020.
2. ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.
3. Per parcel or acre, whichever is greater
4. Two year IAC ramp up. CY 2021 IAC forecasted at \$4.43. In future years the IAC is forecasted to level.

Recommended CY 2020 Cost of Water Breakdown



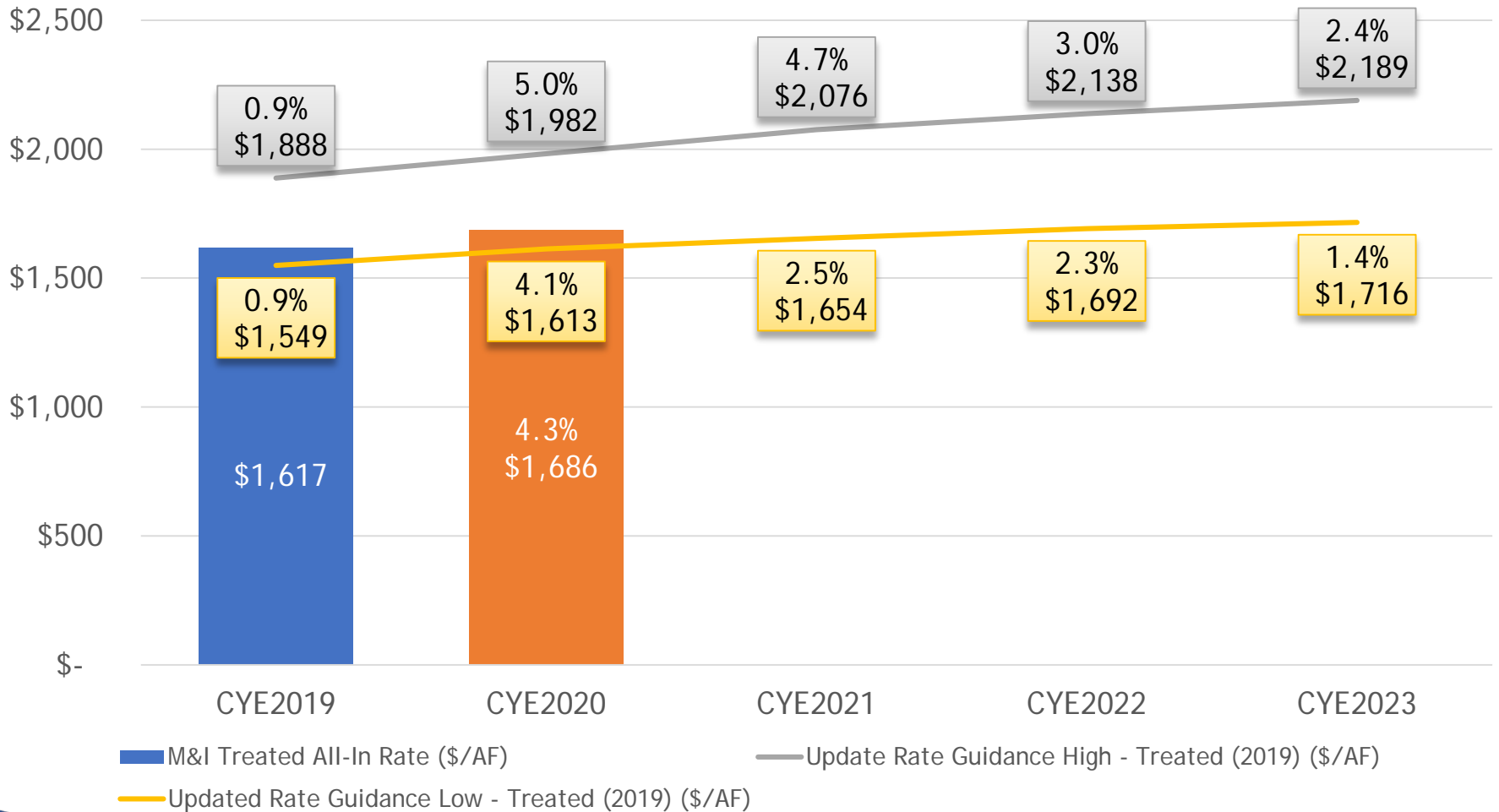
Recommended CY 2020 Untreated Rates

All-In Untreated Rate Guidance



Recommended CY 2020 Treated Rates

All-In Treated Rate Guidance

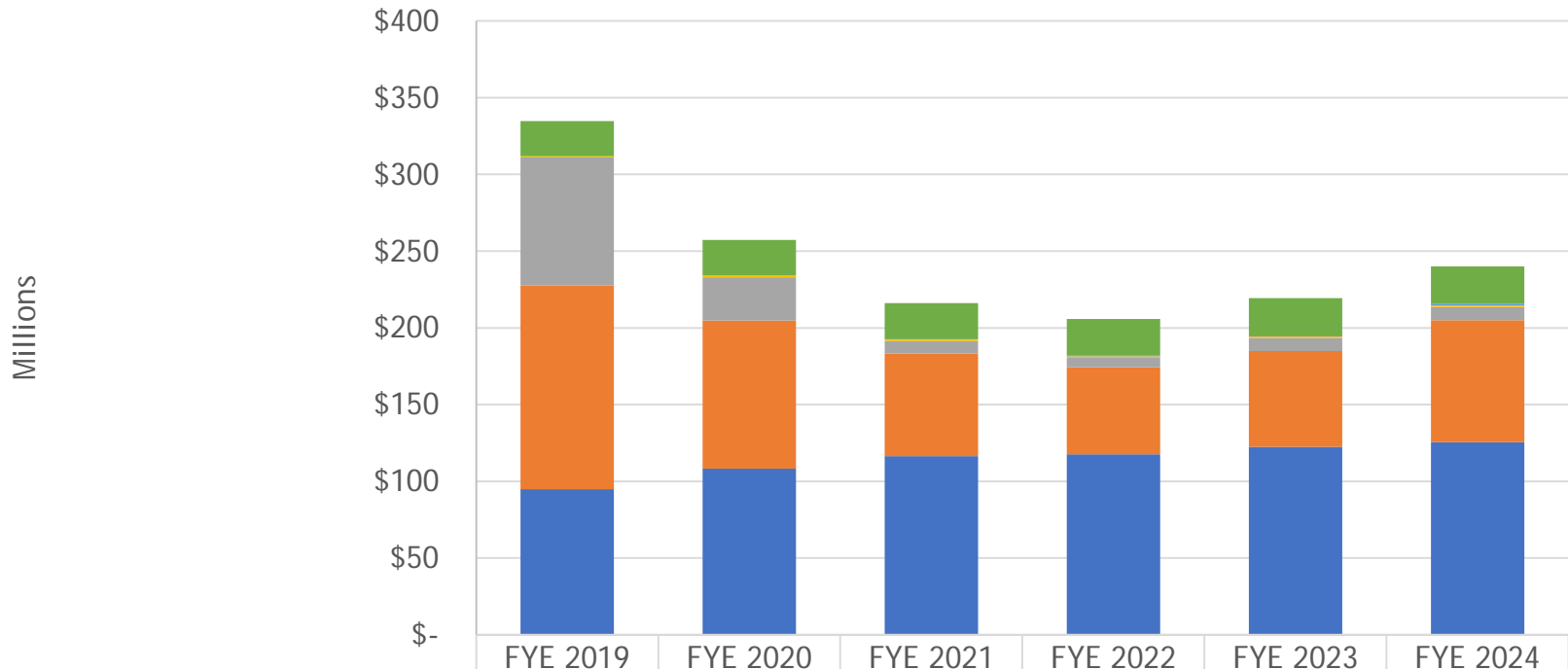


RSF provides smooth and predictable rates

- Mitigating upward rate and charge pressures
 - prolonged low water sales environment
 - Increasing MWD costs
 - IID ramp up
 - Cost of desalinated water
- Reflects updated RSF methodology and target
- Utilizing the RSF
 - Projected fiscal year draw of:
 - \$22M in FY 2019
 - \$38M in FY 2020
 - Rate smoothing forecasted into FY 2022

Financials assume planned draw of Reserves (PayGo & RSF), while maintaining sufficient Cash on Hand

End-of-Year Reserve Balances



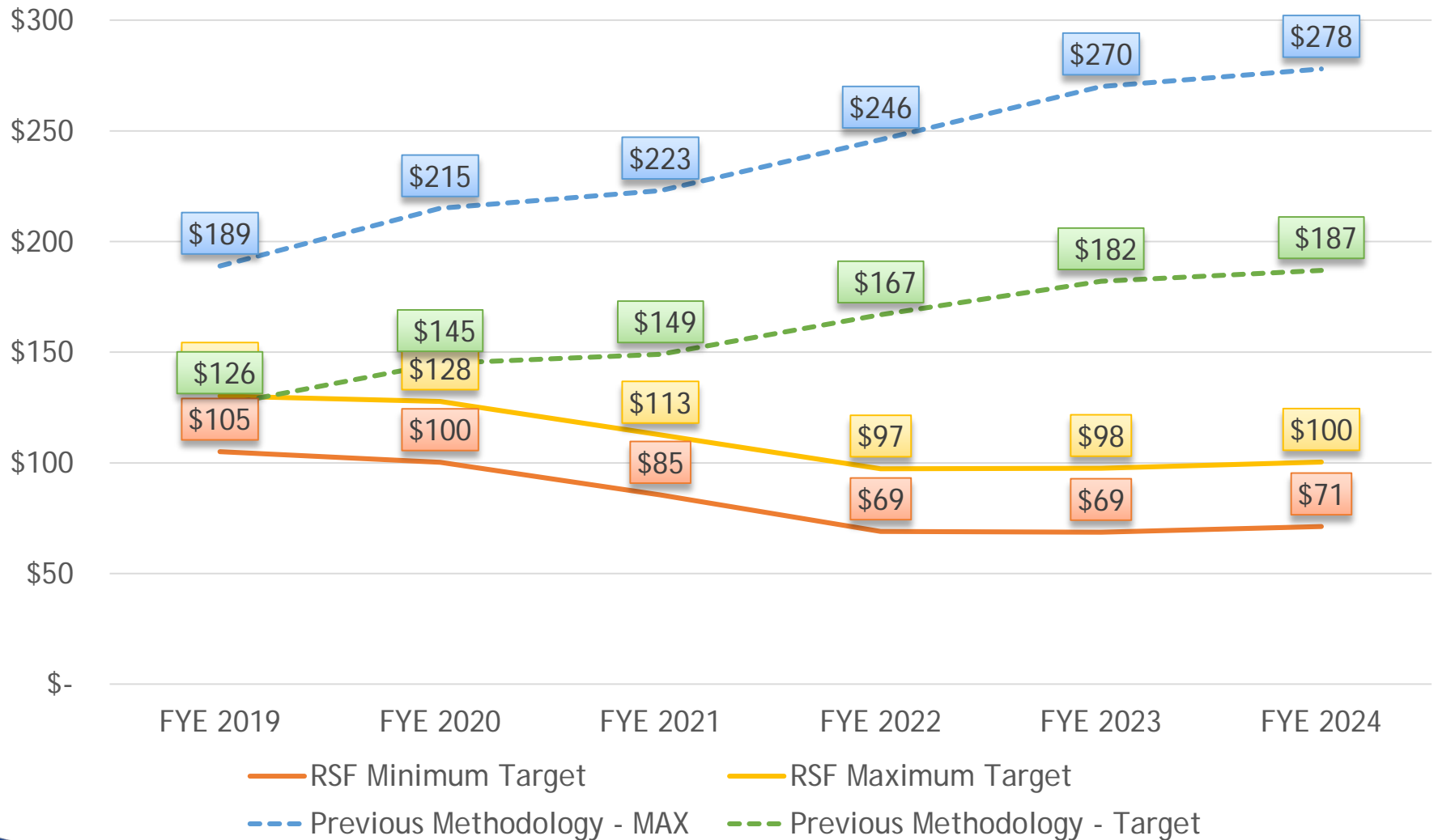
■ Debt Service Reserve Fund	\$22.93	\$23.21	\$23.51	\$23.83	\$24.16	\$24.49
■ Canal Maintenance Reserve	\$-	\$0.09	\$0.29	\$0.49	\$0.71	\$0.93
■ Equipment Replacement Fund	\$0.93	\$0.94	\$0.95	\$0.97	\$0.98	\$0.99
■ PAYGO Fund	\$83.16	\$28.19	\$8.10	\$6.20	\$8.48	\$8.78
■ Rate Stabilization Fund	\$132.95	\$96.59	\$66.84	\$56.75	\$62.52	\$79.37
■ Operating Fund	\$94.81	\$108.28	\$116.45	\$117.56	\$122.45	\$125.57

Today's Actions

- Adopt Ordinance No. 2019-__ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;
- Adopt Resolution No. 2019-__ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
- Adopt Ordinance No. 2019-__ an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
- Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption

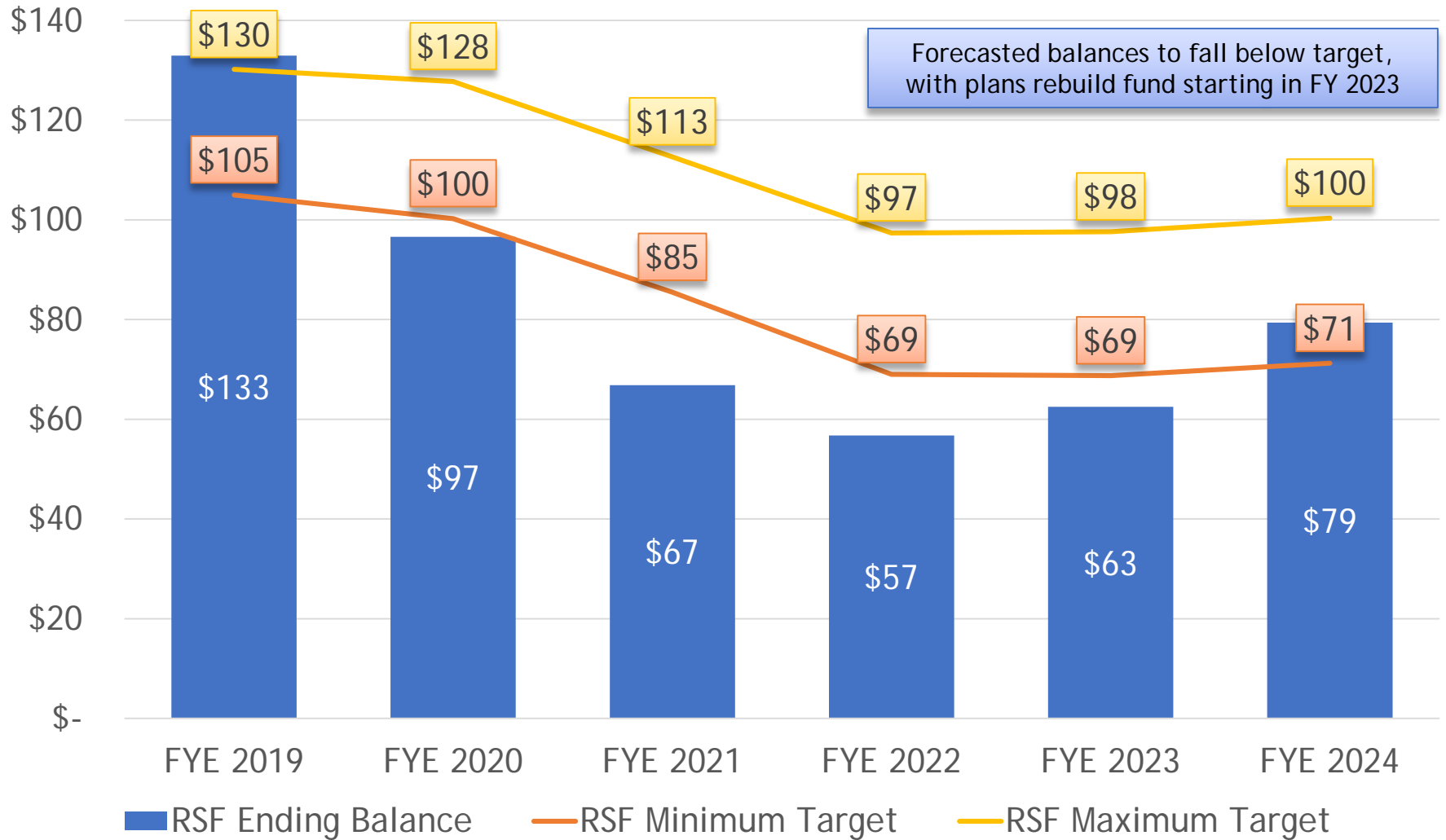


Rate Stabilization Target Forecast* (\$M)



* RSF Target reflects amended RSF Policy (Ordinance No. 2018-03)

RSF Forecast reflects conservative assumptions



* Forecasted draws as of May 2019