

Agricultural Customers / Farm Managers Meeting

03/23/21



Agenda



Welcome and Introductions

Robert Grantham – General Manager (RCWD)

Current Events at MWD Effecting Supply, Rates, Customers

Brandon Goshi – Manager of Water Policy & Strategy (MWD)

Local Water Supply Update

*Eva Plajzer – Assistant General Manager/E&O (RCWD)
Rich Ottolini, Water Operations Manager*

Water Quality Update

Jordan Farrell – Water Quality Supervisor (RCWD)

FY22 Budget and FY22 through FY24 Proposed Water Rates

Rick Aragon – Assistant General Manager/CFO (RCWD)

Agricultural Efforts Update

Justin Haessly – Water Efficiency and Grants Manager (RCWD)

Question & Answer Session

Today Presentations will be available on the RCWD Website – to RanchoWater.com/agcustomers



Budget and Rates

FY 2021-22 Budget
FY22, FY23, & FY24 Rates

Rick Aragon –Assistant General Manager/CFO

Overview

COVID and Drought Impacts

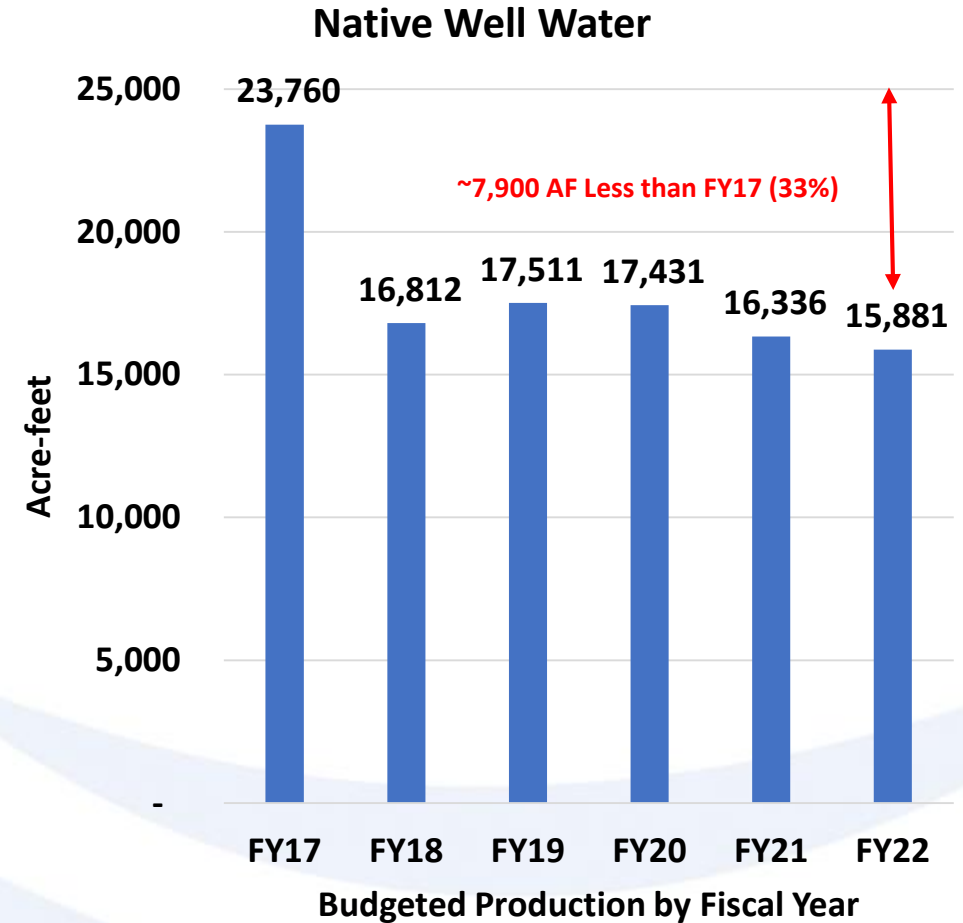


Rate Increases Deferred for FY21 (COVID)

- \$1.3M in reserve use and \$700k in budget cuts
- FY22 Rate increases are cumulative for FY21 & FY22 costs

Continued Drought Impacts

- +\$8.25M in imported costs for Groundwater Recovery Program
- Critical for groundwater health and sustainability
- Equivalent of 11.3% (Rancho) & 14.5% (Santa Rosa) rate increase
- Funded these costs (one-time & ongoing) through other sources
- Less available from other sources to offset new cost pressures



Overview

Imported Water and Energy Costs



- **MWD Cost Increases**
 - \$3.9M (10%) overall cost increase (FY21 & FY22)
 - Net of \$0.65M in savings from additional recharge and reduced demand
- **Energy Cost Increases**
 - \$1.1M (21%) overall budget increase (FY21 & FY22)
 - 28% Edison projected rate increase (from Oct 20 to June 22)
 - Rate increases are staggered throughout the budget year
 - 6% projected natural gas increase

	Divisions		
	Rancho	Santa Rosa	Total
MWD and Energy Rate Impacts			
MWD Cost Increase since FY20	\$2,204,000	\$1,719,000	\$3,923,000
Energy Cost Increase since FY20	\$705,000	\$393,000	\$1,098,000
Total MWD and Energy Cost Increase	\$2,909,000	\$2,112,000	\$5,021,000
Equivalent Impact to Water Rates (%)	8.0%	7.5%	



Need to Address Aging Facilities

- Over \$1 billion invested in capital facilities / \$2.6 billion replacement value
- Transitioning to replace/rehabilitate and maintenance focus
- Plan to add one Maintenance Projects Manager
 - Focus on efficient maintenance strategies, deferred maintenance, & asset management
- \$0.9M in major planned maintenance projects for FY21
 - Funded by non-rate funds

Major Savings From District Initiatives Help Offset Rate Pressures

- \$1.9M in lower CalPERS and Retiree Healthcare costs from accelerated funding strategies
- \$1.9M in reserve use to offset rate increases during three year period
 - From 2021 bond refinancing savings
- \$0.5M from using stored MWD water in the aquifer
- \$0.3M from increased MWD raw water recharge capacity

Rate Summary



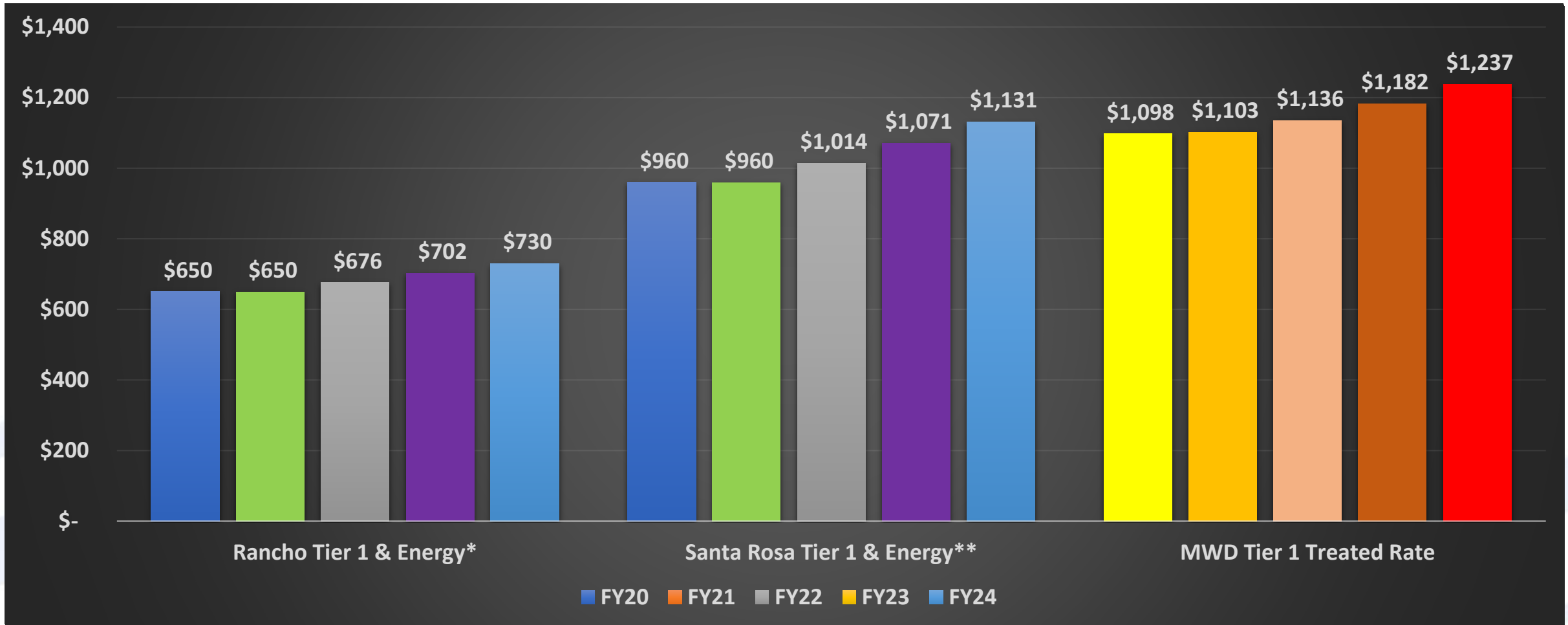
FY22 Budget & 3 Year Rate Plan

- 3 Year Proposed Rate Increase (FY22 through FY24)
- Implemented July first of each year beginning July 1, 2021
- Same % increase for each rate type and customer

Projected Rate Increases (All Water Rates)			
Rancho	FY22	FY23	FY24
Residential & Agricultural	3.9%	3.9%	3.9%
Santa Rosa	FY22	FY23	FY24
Residential & Agricultural	5.6%	5.6%	5.6%

Rate Summary

Proposed Rates (\$ per AF) vs MWD Rates



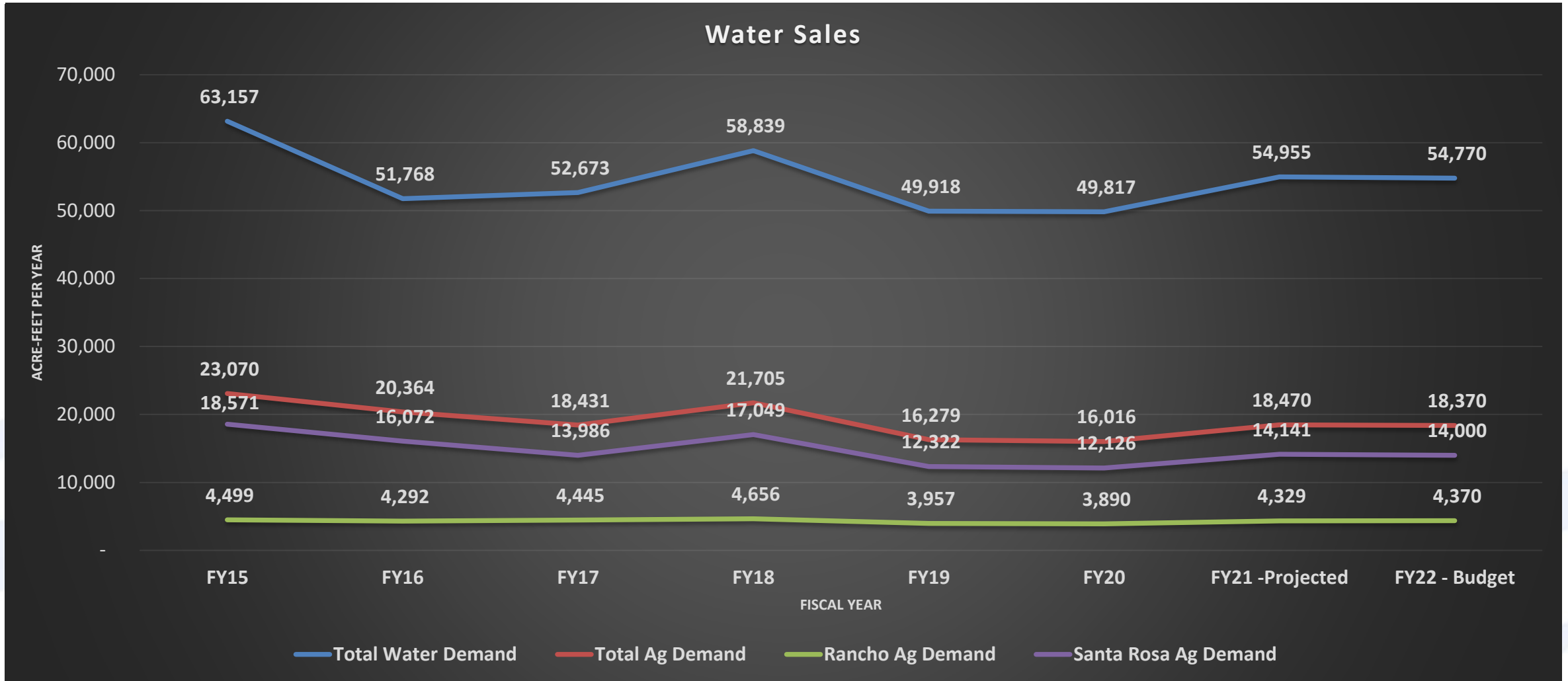
*Assumes Elevation 1610 Energy Zone Rate

**Assumes Elevation 1670 Energy Zone Rate

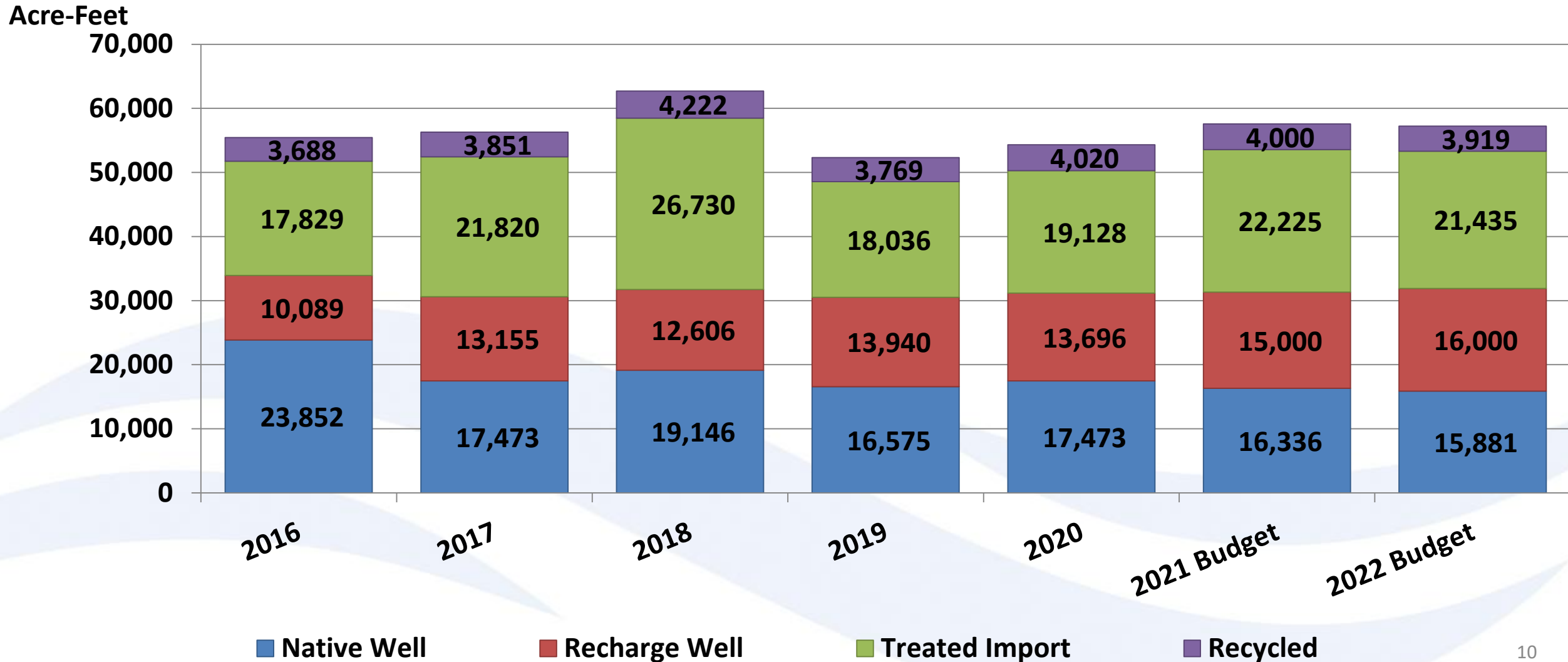
Rancho FY22 Increase = 1.95% annual increase equivalent (FY21 + FY22)

Santa Rosa FY22 Increase = 2.80% annual increase equivalent (FY21 + FY22)

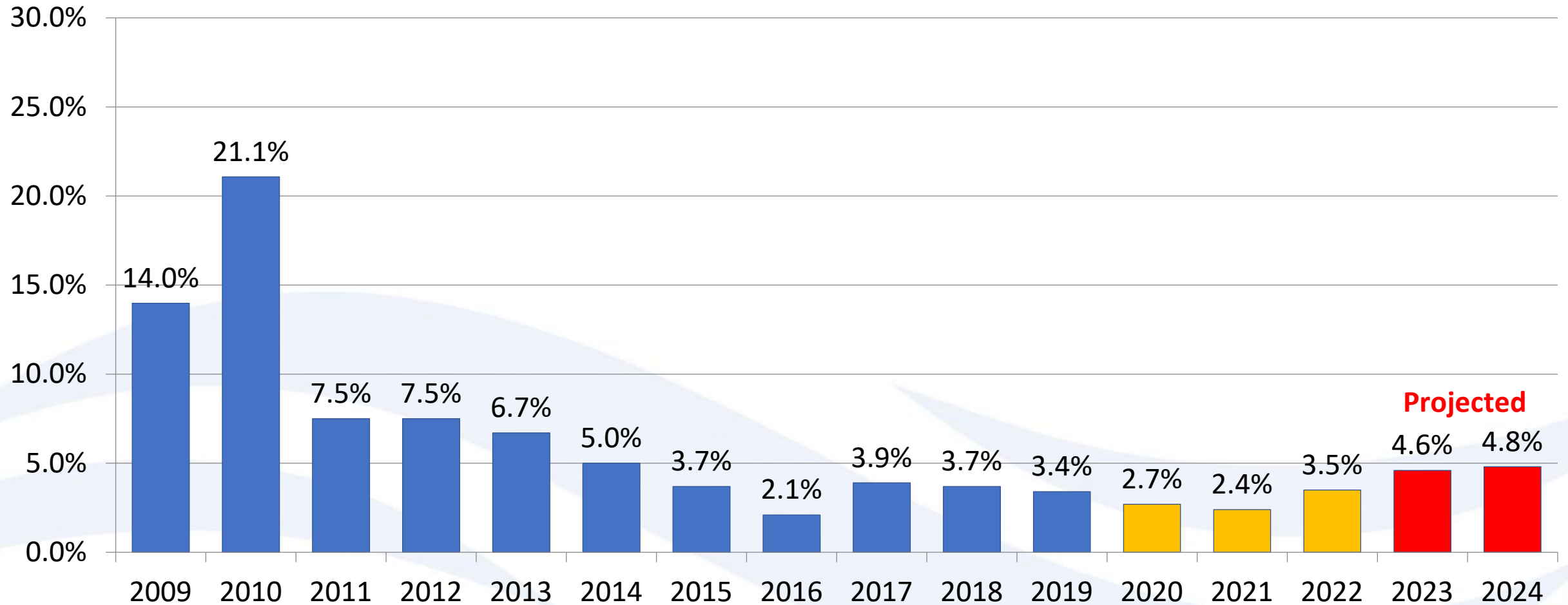
Water Demand



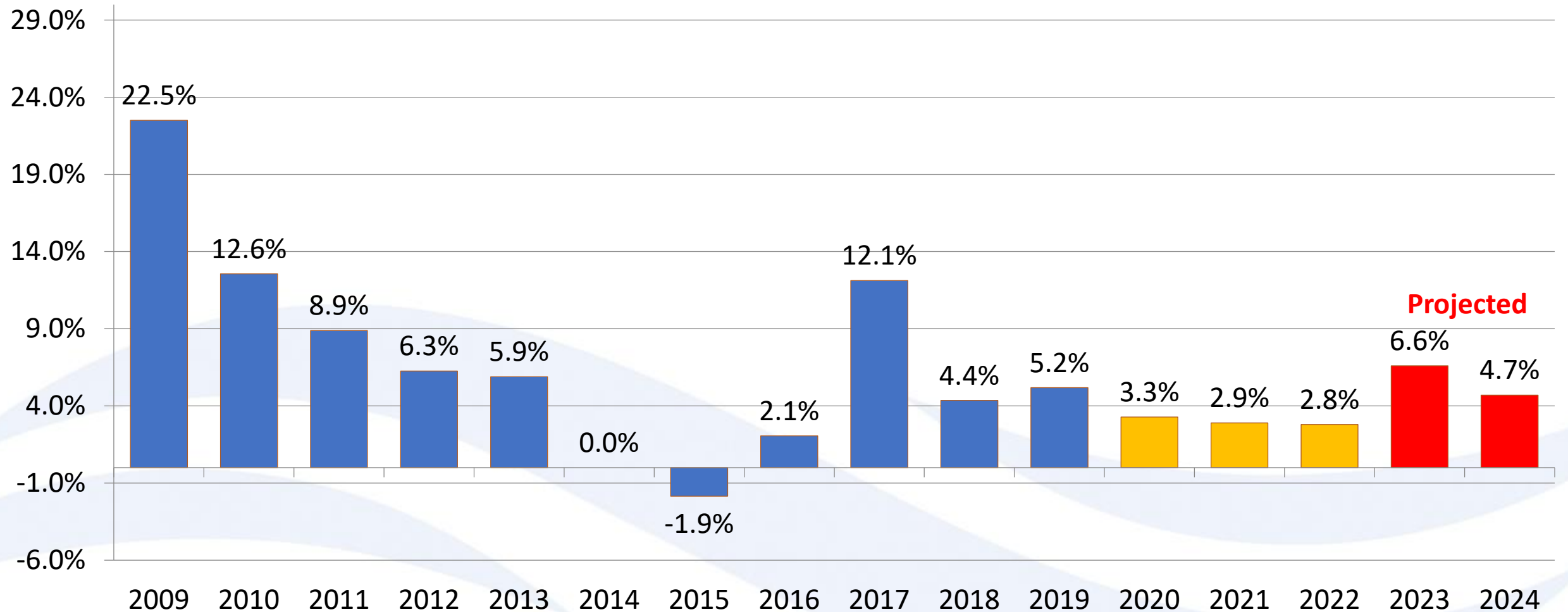
Consolidated Production Mix



MWD Treated Water Rate History



MWD Raw Water Rate History



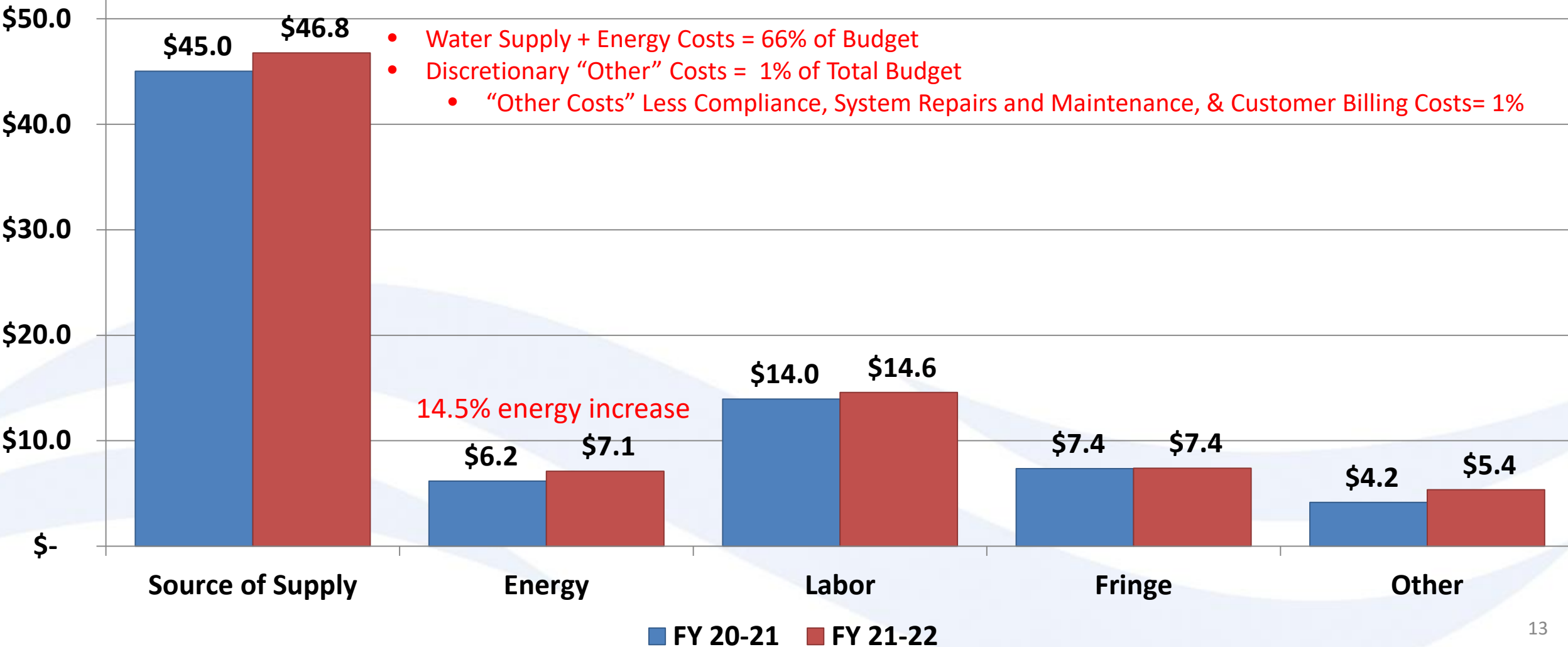
Budget Change from Prior Year

\$76.7M FY 20-21 to \$81.2M FY 2021-2022

\$4.5M Increase or 5.9%



Amounts in Millions



FY 2021-2022 Staffing Plan & Labor Budget



	FY 2019-2020	FY 2020-2021	FY 2021-2022	Change
# of Employees	145	150	151	1
# of Interns	11	14	14	0
Total Employee #	156	164	165	1
Total FTE	149.7	156.0	157.0	1.0
Labor Budget	\$14,354,877	\$15,094,123	\$15,643,414	\$549,291
% Change				3.6%

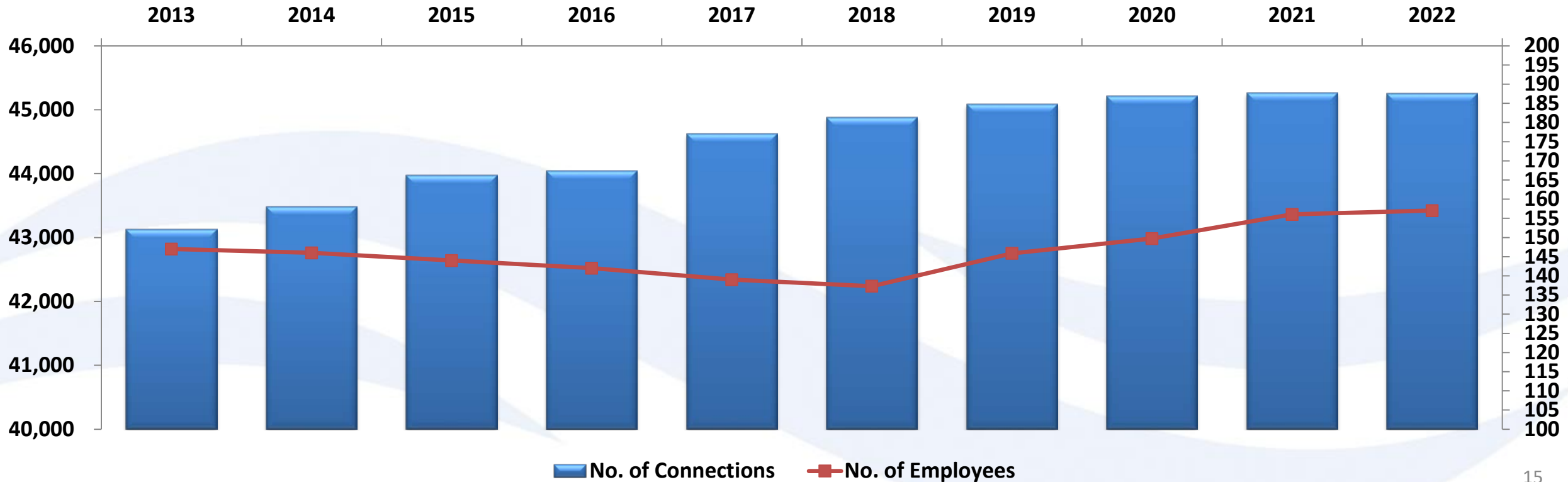
- **One New Position – Maintenance Project Manager**

Workforce Benchmark Comparison



Benchmark	FPUD	WMWD	VCMWD	EMWD	EVMWD	RCWD
# of EE's per 1,000 Water Accounts	7.3	6.2	6.3	4.1	3.8	3.3

Number of Connections and FTE Employees



FY 23 & 24 Budget Assumptions



	FY 23		FY 24	
	Rancho	Santa Rosa	Rancho	Santa Rosa
Native Groundwater Production	15,881 AF		15,881 AF	
Cyclic Storage Program – MWD water in Aquifer	2,000 AF		250 AF	
Inventory MWD Water in Aquifer	0 AF		1,449 AF	
Raw Water Recharge	16,000 AF		16,000 AF	
Water Sales Growth	1.0%		1.0%	
MWD Treated Import				
	4.1%		4.7%	
MWD Untreated Import				
	4.7%		5.6%	
MWD Fixed				
	5.7%		4.0%	
Energy Increase				
	5.0%		5.0%	
Labor Increase				
	4.5%		4.5%	
Materials and Outside Services (General)				
	2.0%		2.0%	
Materials and Outside Services (Corrective)				
	3.0%		3.0%	
Non-Operating Transfer	\$5.6M	\$2.5M	\$6.6M	\$2.6M

Next Steps



Date	Board/Committee	Activity
March 25 th	Engineering and Operations Committee	Non-Operating Budget & Fee For Service
April 8 th	Regular Board Meeting	Final Budget & Rates Review
June 10 th	Regular Board Meeting	Public Hearing/Budget Adoption

Questions



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Rancho Water

WORKING FOR OUR COMMUNITY