

FINAL REPORT



Los Angeles County Public Works
Comprehensive Sewer
Rate Study
March 2025





March 25, 2025

Mr. Alex Villarama
Principal Engineer
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Alhambra, CA 91803

Subject: Sewer Rate Study Report

Dear Mr. Villarama:

HDR Engineering, Inc. (HDR) is pleased to present to Los Angeles County Public Works (LACPW) the report for the Sewer Rate Study (Study). The Study objectives were to provide an independent review of the LACPW's long-term financial plan and develop cost-based and proportional sewer rates for the LACPW's Board of Supervisors consideration and implementation. The Study results in a five-year maximum rate schedule that is designed to provide sufficient revenue to fund the operating and capital needs of the sewer utilities based on the data, information, and costs provided by the LACPW. This report outlines and summarizes HDR's approach, methodology, findings, and conclusions of the sewer rate study process.

The costs associated with providing sewer services to the LACPW's customers was developed based on the LACPW's specific information and was utilized to development the proposed rates. The Study was developed utilizing industry recognized generally accepted rate setting principles and methodologies as outlined in the Water Environment Federation's Manual of Practice No. 27, Financing and Charges for Wastewater Systems. These rate setting principles and methodologies have been tailored to reflect LACPW's specific systems and characteristics. The intent is to develop proposed rates to meet the requirements of Proposition 218. The report provides the basis for developing and implementing sewer rates which are cost-based, proportional, and defensible to the LACPW's customers.

We appreciate the assistance provided by the LACPW's project team in the development of this study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the LACPW.

Sincerely yours,
HDR Engineering, Inc.

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Associate Vice President

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Executive Summary

Introduction

HDR Engineering, Inc. (HDR) was retained by Los Angeles County Public Works (LACPW) to conduct a sewer rate study (Study). The main objectives of the Study were to:

- Develop a projection of sewer revenues to support LACPW's sewer system operating and capital costs.
- Proportionally allocate the costs of providing sewer services to those customers receiving service for each sewer system.
- Propose cost-based and proportional rates for a multi-year time period.

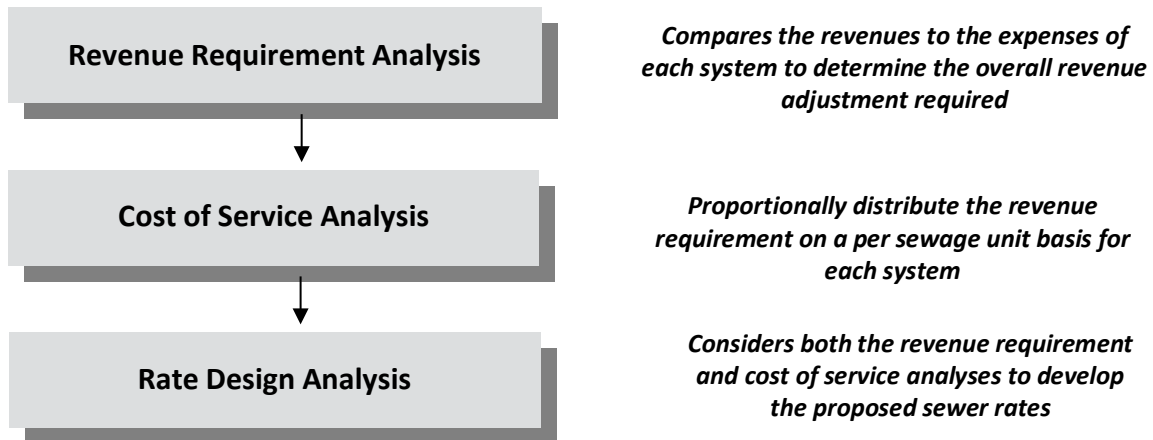
It is important to note that the results shown in this report are based on revenue and cost information at a single "point in time". That is, the results of the analyses are not static, but rather, dynamic. Revenue, cost information and customer consumption are constantly changing. Should this data and information change, the results of the analysis would likely also change or differ from those presented in this report and would need to be updated by LACPW.

The LACPW operates and maintains the sewer systems which provides wastewater collection services and wastewater treatment services for some systems. The costs associated with providing sewer services to LACPW customers has been developed by HDR based on the information provided by the LACPW and is included within the development of the maximum proposed sewer rates.

Overview of the Rate Study Process

A comprehensive rate study uses three interrelated analyses to address the adequacy and proportionality of LACPW's sewer rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.

Figure ES – 1
Overview of the Comprehensive Sewer Rate Analyses



The basic framework outlined above was utilized in the development of LACPW’s sewer rate study. A key aspect of the overall approach is utilizing generally accepted rate setting approaches and tailoring the study to each of LACPW’s specific system and customer characteristics. The results from each of the analytical tasks shown above were used as the basis for establishing cost-based and proportional rates for LACPW’s sewer customers.

Key Sewer Rate Study Results

The sewer rate study’s technical analyses were developed based on the operating and capital costs incurred to provide service to LACPW’s customers. The analyses performed resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analysis was developed for the projected time period of 2025 through 2029.
- LACPW’s historical financials and 2025 budget for the Sewer Maintenance District’s were used as the starting point of each system’s revenue requirement analysis.
- Operation and maintenance (O&M) expenses are projected to continue to increase over time. O&M costs are presumed to generally increase at inflationary levels (e.g., 3%/year). At the same time, there are some additions to the budgeted O&M expenses to reflect changes in costs during the five-year rate setting period.
- The LACPW’s sewer capital improvement plan was used to develop a capital funding plan.
- A rate transition plan was developed to adequately fund the operating and capital needs of each sewer system.
- Each system’s operating reserve was viewed from a minimum target fund balance and in some cases, the balance of operating reserves needed to be increased to at least meet the target minimum reserve level.

- Based on the results of the revenue requirement analysis developed for each individual system, annual rate adjustments have been proposed for some systems in order to have adequate funding to meet the identified operating and capital needs.
- A cost of service analysis was developed for each system to determine the proportional level of revenue to collect on a per equivalent billing unit basis. These average unit costs, stated on a per equivalent billing basis were applied to the County's current equivalency factors.
- Proposed rates were developed, where necessary, for each sewer system for 2025 through 2029.

Summary of the Sewer Revenue Requirement Analysis

The revenue requirement analysis is the first analytical step in the comprehensive sewer rate study process. The revenue requirement analysis determines the adequacy of the current sewer rates, and the level of funding needed to adequately fund current and future costs related to both O&M and capital needs. From this analysis, a determination can be made as to the overall level of rate (revenue) adjustments needed to provide adequate and prudent funding for each individual sewer system.

For the Study, a revenue requirement analysis was developed for each individual sewer system. Each of the revenue requirement analyses were developed for the projected 10-year period of 2025 – 2034. A multi-year time frame is recommended to identify major expenses that may be on the horizon. By anticipating future financial requirements, LACPW may begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rate levels. While a 10-year projected time period was developed for each system, the focus for purposes of rate setting and adjusting rates is the projected five-year period of 2025 – 2029.

Each of the revenue requirement analyses accumulated costs using a “cash basis” approach. The cash basis approach is the most commonly used methodology by public utilities to set their revenue requirement. Under this approach, the revenues of the utility must be sufficient to recover all cash needs, including annual O&M expenses, rate funded capital, net debt service, and reserve funding (transfers). The primary financial inputs in the development of each system's revenue requirement was LACPW's 2024 financial data and 2025 budget, historical billed customer data, and LACPW's sewer capital improvement plan. Budgeted O&M expenses were projected using cost escalation (i.e., inflationary) factors for LACPW's various types of expenses (e.g., labor, benefits, materials/supplies, utilities). Provided below in Table ES-1 is a summary of the cost escalation factors used for each of the district's and zone's revenue requirement analyses. These cost escalation factors were developed and based on specific historical LACPW increases in costs and anticipated (projected) changes based on planning and financial analysis.

Table ES - 1
Cost Escalation Factors

	2025	2026	2027	2028	2029
Expenses					
Labor	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Repairs & Maintenance</i>	3.0%	3.0%	3.0%	3.0%	3.0%
Materials & Supplies	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment	3.0%	3.0%	3.0%	3.0%	3.0%
Miscellaneous	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	3.0%	3.0%	3.0%	3.0%	3.0%
Professional Services	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Aneta - Professional Services</i>	6.0%	6.0%	6.0%	6.0%	6.0%
<i>Marina - Professional Services</i>	6.0%	6.0%	6.0%	6.0%	6.0%
Insurance	3.0%	3.0%	3.0%	3.0%	3.0%
Sludge Disposal Fees	3.0%	3.0%	3.0%	3.0%	3.0%

Historical inflation for the past four years has been higher than average, with that being considered, HDR and LACPW has projected that inflation will return to more normal levels (e.g., 3% to 6%/year for varying costs). A key issue for each sewer system is the need to properly and adequately fund capital improvement needs; both in the short and long-term. One of the major financial/funding issues facing many utilities across the U.S. is the amount of deferred capital projects and the associated funding pressure from regulatory-related improvements. The proper and adequate funding of capital projects is an important issue for all sewer utilities and not just a local issue or concern of LACPW. To address this issue, LACPW has a Capital Improvement Plan (CIP) to assess both the short and long-term needs of each sewer system. LACPW's CIP will help guide and prioritize capital projects over time and capital investments to expand the capacity of facilities to accommodate future customers.

Given the CIP provided by LACPW, the next step is the development of the capital funding plan for the Sewer Maintenance District. The proper and adequate funding of capital projects is important to minimize rate increases over time. General financial guidelines state that, at a minimum, a utility should fund an amount equal to, or greater than, the annual depreciation expense through rates. For this Study, the LACPW funds general capital improvements through the collection of the sewer maintenance service charge. These revenues are either annually expended or, if unexpended, placed into reserves to fund ongoing and future projects. HDR has worked with the LACPW's staff to develop the proposed capital funding plan. In developing the sewer capital funding plan, HDR is not acting in a municipal advisory role to the LACPW.

Given a projection of O&M and capital expenses, a summary of the sewer revenue requirement analysis was developed. Revenue requirement analyses were developed for each individual system (i.e., fund) Provided below in Table ES - 2 is the summary of the revenue requirements for the total combined funds (i.e., all of LACPW's sewer systems).

Table ES - 2
Consolidated Summary of the Sewer Revenue Requirement Analysis (\$000)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$44,314	\$44,314	\$44,314	\$44,314	\$44,314
Other Revenues	<u>1,564</u>	<u>1,416</u>	<u>1,314</u>	<u>1,314</u>	<u>1,413</u>
Total Revenues	\$45,878	\$45,730	\$45,628	\$45,626	\$45,726
Expenses					
Total O & M	\$60,478	\$63,905	\$65,696	\$67,545	\$69,453
Net Debt Service	0	0	0	0	0
Rate Funded Capital	207	3,964	4,102	4,246	4,394
Change in Capital	<u>0</u>	<u>0</u>	<u>599</u>	<u>599</u>	<u>599</u>
Total Expenses	\$60,685	\$68,519	\$71,047	\$73,039	\$75,097
Bal./(Def.) of Funds	(\$14,807)	(\$22,789)	(\$25,420)	(\$27,413)	(\$29,370)
Percent Rate Adjustment	0.0%	28.3%	21.3%	17.6%	1.8%
Proposed Total Rev. After Adjust.	\$45,878	\$58,261	\$70,262	\$82,369	\$83,925

As can be seen, the revenue requirement has summed the combined system's annual O&M expense, rate funded capital, net debt service, and change in working capital (i.e., reserve funding). The total revenue requirement is then compared to the total sources of funds which include the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison, a balance or deficiency of funds in each year can be determined. The "Bal. / (Def.) of Funds" row is cumulative. That is, any adjustment to rate revenues in the initial years will reduce the deficiency in the later years, assuming expenses remain at projected levels. Over the five-year projected period of 2025 – 2029, and before any proposed rate adjustments, revenues are projected to be deficient in 2025 through 2029. While this is a combined viewpoint of the systems, it is important to note that a detailed revenue requirement was developed for each individual system. The proposed rate adjustments are based on the results of each individual system, and as such, vary in size and timing of rate adjustments for each system. The following sections of this report will discuss the analysis conducted for each system and outline the proposed rate adjustments for each, based on the specific O&M and capital needs of each system.

Based on the revenue requirement analysis developed herein, HDR has concluded that the LACPW will need to adjust the level of sewer revenues received from the sewer systems over the next five years (2025 –2029). HDR has reached this conclusion for the following reasons:

- Adjustments are necessary to fund the LACPW's annual sewer O&M expenses including contractual costs to operate and maintain each of the sewer systems.
- Adjustments are necessary to prudently fund annual capital improvements.

- The proposed adjustments maintain the strong financial health of the LACPW's sewer systems, including replenishing and maintaining adequate operating reserves (i.e., meet or exceed targeted minimum reserve levels).

In reaching these conclusions, HDR recommends that the LACPW adopt the proposed rate/revenue adjustments for 2025 through 2029 as outlined for each specific sewer system in this report. A detailed discussion of the development of each individual system's revenue requirement analysis is provided in subsequent sections of this report.

Summary of the Sewer Cost of Service Analysis

The LACPW cost of service analysis determines the proportional allocation of the revenue requirement on a per sewage unit basis which is the approach that LACPW utilizes to charge, or assess, their customers for sewer service. The sewage units are outlined in County Code Chapter 20.40 for the varying customer types. These sewage units are based on typical industry flow factors and can be found on Exhibits 19 and 20 of the Technical Appendix. Given this, the cost of service analysis is simplified in that the total costs of a system are divided through by the number of total sewage units related to that system. This results in the determination of the average (cost) rate per sewage unit. Table ES - 3 provides the summary of the annual cost per sewage unit for each individual fund, as calculated in the Study.

Table ES - 3 Summary of the Sewage Average Unit Cost By Sewer System			
District	Total Costs ^[1]	Total Sewage Units ^[2]	Annual Cost Per Sewage Unit
ACO Fund - J14	\$11,759,194	783,790	\$15.00
CSMD Fund - GA9	38,795,268	783,790	49.50
Aneta Zone Fund - GB1	70,258	328	214.20
Fox Park Zone Fund - GB4	1,348	61	22.10
Malibu Zone Fund - GB8	526,778	191	2,758.00
Summit Road Zone - GC2	961	63	15.26
Con Topanga Zone Fund - GC3	266,250	355	750.00
Trancas Zone Fund - GC4	1,328,984	271	4,904.00
Malibu Mesa Zone Fund - GC5	1,165,042	989	1,178.00
Marina Fund - GC6	2,578,675	9,377	275.00
Lake Hughes Zone Fund - GC9	351,784	282	1,247.46
Brassie Lane Zone Fund - GD2	317	20	15.86

[1] Based on the total revenue requirement less miscellaneous revenues, or the costs to be recovered through rates.

[2] Reflects the number of billed sewage units as provided by the LACPW.

The results of the cost of service analysis, on a per sewage unit basis, provide the starting point for the proposed rates for each sewer system. Given the requirement of California Constitution

Article XIII D, Section 6 (commonly referred to as Proposition 218) the average unit costs, as developed in the cost of service analysis and outlined in Table ES-3, are used to establish the proposed rates. A more detailed discussion of the cost of service and resulting average unit costs for each sewer system is provided in this report.

Summary of the Sewer Rate Designs

The final step of the comprehensive rate study process is the design of the sewer rates to collect the targeted levels of revenue, based on the results of each individual system's revenue requirement and cost of service analyses. The proposed rate design is based on the average unit costs which reflects the projected overall revenue need of each system (i.e., revenue requirement) and the proportional recovery of those costs through rates by customer type (i.e., cost of service).

The LACPW currently has a rate structure on a per sewage unit basis. As noted, these are outlined in the LA County Code Section 20.40. Note that the Marina Fund (GC6) has a different code and table for sewage billing units. Both tables have been provided in the Technical Appendix (Exhibits 19 and 20). For residential customers the sewage billing unit is based on number of living units. For non-residential customers it varies by customer type given the different characteristics and provided by the LACPW and based on industry flow factors and assumptions.

Given the result of the revenue requirement and cost of service analyses, proposed rates have been developed that reflect the proportional allocation of the costs of providing service for each system. The rate structures for residential and non-residential are recommended to be maintained as outlined in County Code. Provided in Table ES – 4 is a summary of the present and proposed rates for each of the sewer systems.

Table ES – 4
Summary of the Present and Proposed Sewer Rates
(\$/Sewage Unit/Year)

District	2024 ¹	2025 ¹	2026	2027	2028	2029
ACO Fund - J14	\$9.00	\$9.00	\$15.00	\$20.00	\$24.00	\$24.48
CSMD Fund - GA9	41.50	41.50	49.50	58.50	68.50	69.87
Aneta Zone Fund - GB1	202.00	210.00	214.20	218.48	240.33	259.56
Fox Park Zone Fund - GB4	22.10	22.10	22.10	22.10	22.10	22.10
Malibu Zone Fund - GB8	2,258.00	2,258.00	2,758.00	3,258.00	3,758.00	3,758.00
Summit Road Zone - GC2	15.26	15.26	15.26	15.26	15.26	15.26
Topanga Zone Fund - GC3	650.00	650.00	750.00	850.00	950.00	950.00
Trancas Zone Fund - GC4	3,211.00	3,339.00	4,904.00	4,904.00	4,904.00	4,904.00
Malibu Mesa Zone Fund - GC5	978.00	978.00	1,178.00	1,378.00	1,578.00	1,578.00
Marina Fund - GC6	190.00	190.00	275.00	360.00	445.00	445.00
Lake Hughes Zone Fund - GC9	1,176.00	1,223.00	1,247.46	1,272.41	1,272.41	1,272.41
Brassie Lane Zone Fund - GD2	15.86	15.86	15.86	15.86	15.86	15.86

[1] – 2024 and 2025 are the current adopted LACPW rates.

The proposed rates for 2026 are based on the average unit costs as developed in the cost of service analysis. Note that the study is proposing rate adjustments for the following systems: ACO (J14), CSMD (GA9), Aneta (GB1), Malibu (GB8), Topanga (GC3), Trancas (GC4), Malibu Mesa (GC5), Marina (GC6), Lake Hughes (GC9). The proposed rates in the following years are increased by the level of revenue adjustment as identified within the system’s revenue requirement analysis. The proposed rate adjustments are recommended in order to adequately fund annual operating and capital needs, while maintaining sufficient operating reserves for each system. All other sewer systems are projected to have sufficient rate revenue for the projected five-year period. It is important to note that LACPW has adopted rate adjustments in place for several of the sewer systems that were included in the rate adjustments above. Should operating or financial conditions change, LACPW should review and revise the proposed rates as appropriate and necessary. The development of the rate designs for each of the sewer systems is outlined in detail in the following Sections 3-12 of this report.



1 Introduction and Overview

1.1 Introduction

HDR Engineering, Inc. (HDR) was retained by Los Angeles County Public Works (LACPW) to conduct a sewer rate study (Study). The key objectives of this Study was to review the LACPW's operating and capital costs and develop a projection of revenue needs, and from that analysis, develop cost-based and proportional rates for LACPW's sewer system customers. The revenue requirement analysis determines the adequacy of the existing rates and provides the framework and cost-basis for future revenue (rate) adjustments while the cost of service analysis provides the average unit costs (i.e., cost-based rates) which results in proportional proposed rates on a per sewage unit basis.

The LACPW operates the sewer systems, which provides service to over 10 million customers across a 4,000 square mile regional service area within Los Angeles County and the surrounding area. The consolidated sewer district system includes over 4,600 miles of sanitary sewers, 163 pump stations, and four wastewater treatment plants. In some cases, the sewer services includes the wastewater treatment while others are treated through regional treatment services.

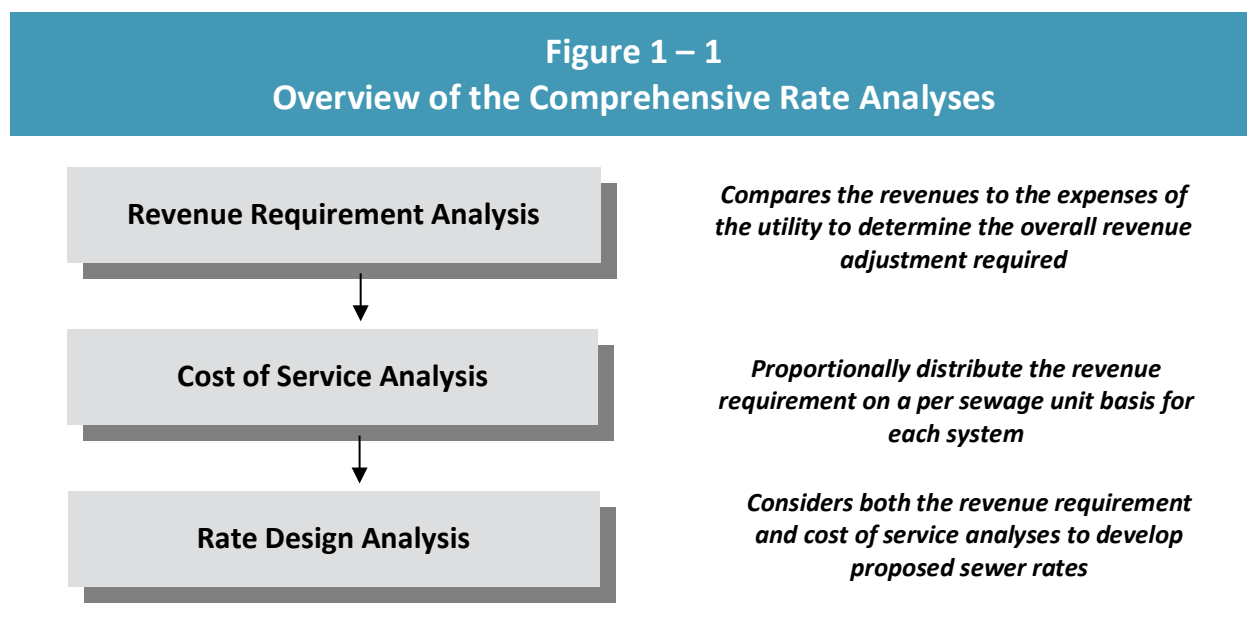
1.2 Goals and Objectives

There are a number of key objectives to consider when developing a sewer rate study. Addressing these objectives provides a framework for financial and rate-related policy decisions. For the LACPW sewer rate study, the key objectives were as follows:

- Develop the sewer study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Wastewater Systems.
- In financial planning and establishing LACPW's sewer rates, review and utilize industry best practices, while recognizing and acknowledging the specific and unique characteristics of LACPW's sewer system.
- Review LACPW's rates utilizing generally accepted rate making methodologies to determine adequacy and proportionality of the utility rates.
- Develop a final proposed financial plan which adequately supports the sewer systems funding requirements, while attempting to minimize overall impacts to rates.
- Develop average unit costs that can be used to establish proportional sewer rates on a sewage unit basis.
- Provide an analysis to support LACPW in meeting the requirements of Article XIII D (i.e., Proposition 218).

1.3 Overview of the Rate Study Process

User rates must be set at a level where a utility's operation and maintenance (O&M) and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. To evaluate the adequacy of the sewer rates, a sewer rate study is often performed. A comprehensive sewer rate study consists of three interrelated analyses. Figure 1 – 1 provides an overview of these analyses.



The above framework for reviewing and evaluating rates was utilized for LACPW's sewer system.

1.4 Development of the LACPW's Technical Analyses

LACPW's sewer system is complex and comprised of a number of different areas, served by various facilities. To analyze LACPW's costs, the various (existing) systems of the LACPW's Consolidated Sewer Maintenance District were reviewed. For each of LACPW's maintenance funds, the rate analysis framework noted above in Figure 1-1 was utilized. The use of these existing maintenance funds resulted in separate and distinct technical analyses and financial projections for the following areas/funds.

- Sewer Maintenance District – Consolidated ACO J14
- Sewer Maintenance District – Consolidated GA9
- Aneta Zone Fund – GB1
- Fox Park Zone Fund – GB4
- Malibu Zone Fund – GB8
- Summit Road Zone Fund – GC2
- Topanga Zone Fund – GC3
- Transcas Zone Fund – GC4
- Malibu Mesa Zone Fund – GC5
- Marina Fund – GC6

- Lake Hughes Zone Fund – GC9
- Brassie Lane Zone Fund – GD2

In viewing the above funds, it is important to note that the Consolidated Sewer Maintenance District's (ACO J14 and GA9) are assessed to all sewer customers. The exception to that is the Marina Fund (GC6), which is a standalone fund. The other maintenance funds are location/geographic specific and applied to the customer base in that specific geographic area.

1.5 Organization of the Study

This report is organized in a sequential manner that first provides an overview of utility rate setting principles, followed by a section that details the specific steps used to review LACPW's sewer rates. The following sections comprise LACPW's sewer rate study report:

- **Section 2** – Overview of Rate Setting Principles
- **Sections 3-12** – Individual sewer system rate analyses

Section 3 – 12 provide the separate technical analyses for the Consolidated Maintenance District's and maintenance funds detailed above. Technical Appendices are attached at the end of this report, which detail the technical analyses that were undertaken in the preparation of this Study.

1.6 Summary

This report will review the sewer rate study prepared for Los Angeles County Public Works. This report has been prepared utilizing generally accepted and industry standard sewer rate setting techniques and methodologies as outlined in the WEF MOP #27.



2 Overview of the Rate Setting Process

2.1 Introduction

This section of the report provides background information about the sewer rate setting process, including descriptions of generally accepted principles, types of utilities, methods of determining a revenue requirement, the cost of service analysis, and the design of proposed sewer rates. This information is useful for gaining a better understanding of the details presented in subsequent sections of this report.

2.2 Generally Accepted Rate Setting Principles

As a practical matter, utilities should consider establishing and setting their rates around generally accepted or global principles and guidelines. These include utility rates that should be:

- Cost-based, proportional, and set at a level that meets the utility's full revenue requirement.
- Easy to understand and administer.
- Designed to conform to generally accepted rate setting techniques.
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements.
- Established at a level that is stable from year-to-year from a customer's perspective.

2.3 Determining the Revenue Requirement

Most public utilities use the "cash basis" approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility totals its cash expenditures for a specified period of time to determine its required revenues. The revenue requirement for a public utility is usually comprised of the following costs or expenses:

- **Total Operating Expenses:** This includes a utility's operation and maintenance (O&M) expenses, plus any applicable taxes or transfer payments. Operation and maintenance expenses include the materials, chemicals, electricity, labor, supplies, etc., needed to keep the utility functioning.
- **Total Capital Expenses:** Capital expenses are calculated by adding debt service payments (principal and interest) to capital improvements financed with rate revenues. In lieu of including capital improvements financed with rate revenues, a utility sometimes includes depreciation expense to stabilize the annual revenue requirement.

Under the cash basis approach, the sum of the total O&M expenses plus the total capital expenses equals the utility's revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and rate funded capital) are necessary under the cash basis approach as utilities generally cannot finance all their capital facilities with long-term debt. At the same time, it is often difficult to pay for capital expenditures on a “pay-as-you-go” basis given that some capital projects may have significant rate impacts upon a utility and its customers, even when financed with long-term debt. Many utilities have found that some combination of pay-as-you-go funding and long-term financing will often lead to minimization of needed rate adjustments (i.e., increases) over time.

As noted, public utilities typically use the cash basis¹ approach to establish their revenue requirements. An exception occurs if a public utility provides service to a large wholesale or contract customer. In this situation, a public utility could use the “utility basis” approach (see Table 2 - 1) for their revenue requirement methodology. Under this methodology, the utility earns a “fair” return on its investment. As a point of reference, LACPW’s Study utilized the cash basis approach which is the typical approach for public utilities like LACPW.

Table 2 – 1 Comparison of the Cash Basis versus Utility Basis Revenue Requirement Methodology			
Cash Basis		Utility Basis (Accrual)	
+	O&M Expenses	+	O&M Expenses
+	Taxes/Transfer Payments	+	Taxes/Transfer Payments
+	Capital Improv. Funded From Rates (≥ Depreciation Expense)	+	Depreciation Expense
+	Debt Service (Principal + Interest)	+	Return on Investment
=	Total Revenue Requirement	=	Total Revenue Requirement

2.4 Analyzing Cost of Service

After the total revenue requirement is determined, it is proportionally distributed to the users (i.e., customer classes) of the service. The distribution of the revenue requirement, analyzed through a cost of service analysis, reflects the cost relationships for providing sewer services. A cost of service analysis requires three analytical steps:

1. Costs are **functionalized** or grouped into the various cost categories related to providing service. For a sewer utility, this generally includes collection, pumping, and treatment. Functionalization is largely accomplished by the utility’s accounting system (i.e., chart of accounts).

¹ “Cash basis” as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, “cash basis” simply refers to the specific cost components to be included within the revenue requirement analysis.

2. The functionalized costs are then **allocated** to specific cost components. Allocation refers to the arrangement of the functionalized data to the appropriate cost component(s). This includes the allocation of costs to, but not limited to, volume, strength, and customer related cost components.
3. Once the costs are allocated to the appropriate cost component(s), they are proportionally **distributed** to the customer classes of service (e.g., residential, commercial, industrial). The distribution is based on each customer class's relative contribution to the cost component (i.e., benefits received from, and burdens placed on the system and its resources). For example, customer-related costs are proportionally distributed to each class of service based on the total number of customers in that class of service. Once costs are proportionally distributed, the distributed expenses for each customer class of service can be summed to determine the total level of revenue to be collected from each class of service to achieve cost-based and proportional rates.

2.5 Designing Utility Rates

Rates that are cost-based and proportional are designed based on the results from both the revenue requirement and the cost of service analyses. This approach results in rates that are strictly cost-based. That is, they do not consider other non-cost based goals and objectives (conservation, economic development, ability to pay, revenue stability, etc.). In designing the final proposed rates, these other factors can be taken into consideration. However, the proposed rates must take into consideration each customer class's proportional share of costs allocated through the cost of service analysis to meet the requirements of California Constitution Article XIII D, commonly referred to as Proposition 218.

2.6 Rate Design Criteria and Considerations

Prudent rate administration outlines several criteria to be considered when setting utility rates. An example of some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer's perspective
- Rates which are easy for LACPW to administer
- Consideration of the customer's ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (environmental, economic development, affordability, etc.)
- Provide revenue stability from month-to-month and from year- to-year
- Promote sound environmental stewardship and practices
- Equitable and non-discriminatory (cost-based)
- Compliance with Proposition 218

When developing proposed rate designs, all the above-listed criteria can be taken into consideration. However, it is difficult, if not impossible, to design any utility rates that meet all the rate design goals and objectives listed above. For example, it may be difficult to design a sewer rate that takes into consideration a customers' ability to pay, and one which is cost-based. In designing rates, there are always trade-offs between these goals and objectives. This process

was somewhat simplified given LACPW's use of a rate structure based on sewage units as outlined in the County Code to reflect the proportionality between customers.

2.7 Economic Theory and Rate Setting

One of the major justifications for a comprehensive rate study is founded in economic theory. Economic theory suggests that the price of a commodity must roughly equal its cost if proportionality among customers is to be maintained. This statement's implications on utility rate designs are significant. For example, for a sewer utility, costs are incurred to meet total volume and strength-related costs. Given this, it follows that the customers who create higher wastewater volumes and higher strength of wastewater should pay a larger proportion of volumetric-related and strength-related costs. When costing and pricing techniques are refined, consumers have a more accurate understanding of what the commodity costs to produce and deliver.

2.8 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set cost-based and proportional sewer rates. These principles and techniques provide the basis to evaluate LACPW's sewer rates as developed in this Study.

3 ACO Fund (J14) Analysis

This section describes the development of the rate analysis for Consolidated Sewer Maintenance District ACO J14. The primary purpose of the ACO J14 is related to capital funding of LACPW's sewer infrastructure. Provided within this section of the report is the summary of the technical rate analysis undertaken for the Consolidated Sewer Maintenance District ACO J14.

As noted in the introduction to this report, a main objective of a rate study is to develop adequate and proportional rates for the time period being reviewed. For purposes of this section, the term “sewer” and/or “J14” refers to the Consolidated Sewer Maintenance District ACO J14, and the term “wastewater” refers to the contribution of wastewater to the treatment facilities.

3.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding of the annual capital expenses. In developing J14's sewer revenue requirement, it must financially “stand on its own” and be properly funded. As a result, the revenue requirement analysis, as developed herein, assumes the funding needed to provide annual revenue for capital improvements needs for the LACPW sewer systems on a financially sound and prudent basis. The following sections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for J14.

3.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for ACO J14's was to establish a time frame for the revenue requirement analysis. A ten-year period was developed to review the J14 sewer revenue requirement. While the analysis was developed for a ten-year period, the focus of the Study for establishing proposed rates is on the next five-year period (2025 – 2029). Reviewing a multi-year time period is recommended as it attempts to identify major expenses that may be on the horizon. By anticipating future financial requirements, LACPW can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. The revenue requirement was composed of 2024 financials and 2025 budget for J14, which was then projected for future years by escalation (inflation) factors. Note that historical inflation for the past four years has been higher than average, with that being considered, we are assuming inflation will return to more typical (i.e., historical) levels. However, the operation and maintenance (O&M) and capital costs have increased since LACPW's last rate study and have not been incorporated in prior rate projections.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. In this particular case, for the revenue requirement analysis a “cash basis” approach was utilized. As discussed in Section 2 of this report, the cash basis approach is the most commonly used methodology by public utilities to set their revenue requirement.

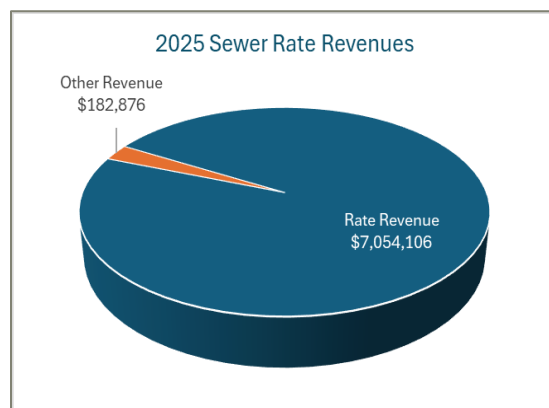
Given a time period around which to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of J14.

The primary financial inputs in the development of the J14 revenue requirement were the adopted sewer budget, recent customer billing characteristics (number of accounts, number of billed equivalent dwelling units), and the sewer capital improvement plan as provided by LACPW.

3.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the revenue requirement is to develop a projection of the revenues currently received for J14. This includes developing a projection of sewer rate revenues, at present rate levels, based on the current sewage billing units. These sewage billing units were then multiplied by the current adopted sewer rates, per sewage unit. This method of independently calculating the rate revenues for J14 links the projected revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the Study are reasonable for purposes of projecting future revenues and ultimately establishing the proposed rates to collect the target level of revenues. The rate revenues are calculated and summarized in Exhibit 2 of the technical appendix.

The majority of the revenues for J14 are derived from rate revenues. In total, and at currently adopted rate levels, J14 is projected to receive approximately \$7.1 million in rate revenue in 2025. Based on discussions with LACPW, the Study has assumed no customer growth for J14 (i.e., 0.0% per year customer growth).



In addition to rate revenues, J14 also receives other non-operating revenues related to interest income. In addition, during the Study time period, other sewer systems zones (funds) are transferring revenue to J14 to repay the use of funds for specific capital improvements.

On a combined basis, taking into account the rate revenues and the other revenues, the total projected revenues are approximately \$7.2 million during the Study time period. The assumptions used for projecting customer growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 6 of the Technical Appendix.

3.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by J14 to implement and manage annual capital improvement projects for the LACPW sewer systems. The starting point of the projection of O&M expenses was the 2025 budget for J14. Budgeted O&M expenses were projected over the 10-year time period using cost escalation factors. The cost escalation factors were developed based on past historical inflationary trends and anticipated increases in future

costs for J14. The cost escalation factors for various types of expenses (e.g., salaries, benefits, materials & supplies) ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussion with LACPW staff and the projections in the long-term financial plan for J14. In total, O&M expenses for J14 were projected to increase annually over the Study's 10-year projected time period.

The total O&M expenses for J14 are budgeted to be approximately \$15.2 million in 2025. Over the five-year projected time period, the total O&M expenses are projected to decrease to approximately \$12.2 million by 2029. This decrease in O&M is due to a one-time \$3.5M operating transfers in 2025. A summary of the O&M expenses is shown as a line item in Table 3 – 3 in subsection 3.1.7. Overall O&M expenses and projected future O&M expenses are provided in Exhibit 6 of the Technical Appendix.

3.1.4 Projecting Capital Funding Needs

A key component in the development of the sewer revenue requirement was to properly and adequately fund capital improvement needs in the near and long term. One of the major issues facing many utilities across the U.S. is the amount of deferred capital projects and the funding pressure from regulatory-related improvements. The proper and adequate funding of capital projects is an important issue for all sewer utilities and not just a local issue or concern of LACPW. The LACPW Capital Improvement Plan (CIP) addresses both the short and long-term needs of the Sewer Maintenance District. Provided in Table 3-1 is a summary of the capital improvement plan identified for J14.

Table 3 – 1 Summary of the J14 Sewer Capital Improvement Projects					
	2025	2026	2027	2028	2029
South Yard (Rehab)	\$0	\$0	\$0	\$4,016,331	\$4,156,902
Lawndale (Rehab)	0	3,749,288	3,880,513	0	0
Malibu Mesa Water Reclamation Plant	0	0	0	0	0
Fountain Springs Pump Station	103,500	107,123	110,872	114,752	118,769
San Dimas Pump Station	103,500	107,123	110,872	114,752	118,769
Trancas WPCP Project ¹	0	0	0	0	0
Total Capital Improvements	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439

1 – if J14 funds capital improvements projects specifically for Malibu Mesa and Trancas these will be refunded by these two systems from the rates of these two systems.

The total planned capital improvement projects are estimated to be approximately \$16.9 million over the five-year period. Note the type of capital improvement project may determine how the project is funded. This includes system renewal and replacement, growth/capacity expansion, or a regulatory driven project.

While the above discussion appears to neatly divide capital projects into three clearly defined categories, the reality in working with specific capital projects may be more complex. Provided below in Table 3 - 2 is a summary of the sewer capital funding analysis, based on LACPW's J14 capital plan.

Table 3 – 2 Summary of the J14 Sewer Capital Improvement Funding Plan					
	2025	2026	2027	2028	2029
Total Capital Projects	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439
Other Funding Sources					
Unfunded	\$0	\$0	\$0	\$0	\$0
Reserves	0	0	0	0	0
Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Funding Sources	\$0	\$0	\$0	\$0	\$0
Rate Funded Capital	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439

As provide in Table 3-2, the proposed capital improvements will be funded from J14's annual rate revenues, or available reserves.

3.1.5 Projection of Debt Service

Currently, there is no outstanding debt being funded through J14 and there is no anticipated future debt during the 5-year or 10-year projected time period.

HDR is not providing advice on the terms of any debt issuances but rather identifying the overall funding needs, should any exist. As such, HDR is not acting in a municipal advisory role for the issuance of any long-term borrowing.

3.1.6 Reserve Funding

The final component of the revenue requirement analysis is the funding or maintenance of adequate reserve levels or use of reserves to fund capital needs. Additionally, any balance of funds after annual expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset operating and/or capital costs to minimize the impact to rates. As will be shown, at proposed rate revenue levels, revenues are insufficient to maintain adequate minimum target reserve levels. However, with the proposed rate adjustments reserve levels are maintained at adequate levels.

3.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the sewer revenue requirement analysis can be developed for J14. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of J14. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities and capital projects throughout the Study time period. Presented in Table

3 - 3 is a summary of the J14's projected sewer revenue requirement. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 6).

Table 3 - 3
Summary of the J14 Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$7,054	\$7,054	\$7,054	\$7,054	\$7,054
Other Revenues	<u>183</u>	<u>101</u>	<u>68</u>	<u>69</u>	<u>97</u>
Total Revenues	\$7,237	\$7,155	\$7,122	\$7,123	\$7,151
Expenses					
Total O & M	\$15,187	\$11,206	\$11,542	\$11,889	\$12,245
Net Debt Service	0	0	0	0	0
Rate Funded Capital	207	3,964	4,102	4,246	4,394
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$15,394	\$15,170	\$15,645	\$16,134	\$16,640
Total Bal./ (Def.) of Funds	(\$8,157)	(\$8,014)	(\$8,522)	(\$9,011)	(\$9,489)
Percent Revenue Adjustment	0.0%	66.7%	33.3%	20.0%	2.0%
Proposed Total Revenue After Adjustment	\$7,237	\$11,860	\$15,743	\$18,879	\$19,283

As can be seen, the revenue requirement has summed the O&M and rate funded capital to determine the total revenue requirement. Note that at this time, there is no outstanding debt service or specific reserve funding components (i.e., change in working capital). The total revenues for each year are compared to the total expenses (i.e., revenue requirement) to determine the balance or deficiency of funding. This balance or deficiency of funds is then compared to the projected revenues from current rates to determine the level of rate adjustment needed to meet the revenue requirement. The "Bal. / (Def.) of Funds" is a standalone calculation and any rate adjustments in prior years will reduce the deficiency in the later years assuming no changes in projected expenses. As can be seen, J14 is operating at a deficiency over the projected 5-year period, before consideration of adjustments to rate revenues. The deficiency of funds in J14 are a function of both inadequate funding for O&M and capital projects (i.e., rate funded capital). In summary, the analysis of J14 indicates the need for rate adjustments to meet its operating and capital funding needs. A more detailed revenue requirement is included in Exhibit 6 of the Technical Appendix.

3.1.8 Reserve Fund Levels

As noted, a key element of determining the financial health and sustainability of J14 is to review the level of available reserve levels after the proposed revenue adjustments. Reserve funds typically have a minimum ending balance that, if reached or falls below, is a signal that the revenue source(s) should be reviewed and necessary adjustments made to maintain minimum target reserve levels.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses and a target maximum ending balance of 100% of annual O&M.

Shown in the table 3-4 below is the projected ending fund balance over the rate setting period for J14.

Table 3 - 4 Summary of the J14 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$18,288	\$10,130	\$6,821	\$6,920	\$9,665
Plus: Total Revenue	7,237	11,860	15,743	18,879	19,283
Less: Revenue Requirements	15,394	15,170	15,645	16,134	16,640
From Other Districts	0	0	0	0	0
To Other Districts (-)	0	0	0	0	0
Ending Balance	\$10,130	\$6,821	\$6,920	\$9,665	\$12,308
Oper. Fund Min. Target Bal. (50% O&M)	7,594	5,603	5,771	5,944	6,123
Oper. Fund Target Bal. (100% O&M)	\$15,187	\$11,206	\$11,542	\$11,889	\$12,245

Note, absent the projected rate adjustments, the J14 operating reserve fund would be deficient each year starting in 2026.

3.2 Cost of Service Analysis

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund O&M and capital improvements for J14. This section will provide an overview of the cost of service analysis developed for J14.

A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement on a per sewage unit basis. The previously developed revenue requirement for 2025 was utilized in the development of the cost of service analysis.

3.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement on a per sewage unit basis
- Derive average unit costs for subsequent rate designs

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of proposed rates which properly reflect the costs incurred by the J14. It is important to note that J14 is solely, a capital fund to support the LACPW sewer systems. Furthermore, it is important to note that the LACPW has previously identified in the County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as J14's total revenue requirement is divided by the total billable sewage units related to J14, to determine the J14 rate per sewage unit.

3.2.2 Determining the J14 Sewage Billing Units

The first step in J14's cost of service analysis was a determination of the billing units. HDR determined J14's sewage billing units based on LACPW's equivalent billing unit code provided in Exhibits 19 of the Technical Appendices. Sewage units by type of customer are outlined in County code Chapter 20.40. These billing types and units are reflective of typical industry flow factors.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one (1) sewage unit.

3.2.3 Summary of the J14 Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. For J14's cost of service, the J14 total revenue requirement is divided by the total J14 sewage units billed to determine the average unit costs. Provided in Table 3 – 5 is a summary of the average unit costs, which provide the cost-basis for the proposed J14 rates on a per sewage unit basis. That is, one (1) sewage unit is considered to be the starting point for the establishment of the proposed J14 rates. For residential customers one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type. As noted, the sewage units by customer type are provided in Exhibit 19 of the Technical Appendices.

Table 3 – 5 Summary of the J14 Sewage Average Unit Cost			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
ACO Fund - J14	\$11,759,194	783,789.50	\$15.00

3.3 Rate Design

The final step of the analysis for J14 is the design of rates to collect the target level of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

3.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for J14 have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs as outlined in the Water Environment Federation Manual of Practice #27 (WEF MOP #27) which provides various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for J14 meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirement as identified in this analysis for J14.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the sewer rates are used exclusively to operate and maintain and fund the capital improvements of the sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

3.3.2 Overview of the Current and Proposed J14 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability and provides a rate structure that is simple and easy to understand and administer.

Given the result of the prior analyses - the J14 revenue requirement and cost of service analyses- proposed rates can be developed for J14 that reflect the sewage unit basis. Provided in Table 3 - 6 is a summary of the present and proposed sewer rates for J14.

Table 3-6 Summary of the Present and Proposed J14 Sewer Rates (\$/Sewage Unit/Year)					
	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
ACO Fund - J14	\$9.00	\$15.00	\$20.00	\$24.00	\$24.48
\$ Change in Rates	\$0.00	\$6.00	\$5.00	\$4.00	\$0.48

The basis for the proposed rates is the J14 average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 3-6, the proposed rates for J14 are projected to increase annually in 2026 through 2029 based on the assumptions and costs developed in this Study. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to J14's rates to reflect these changes.

3.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that LACPW adjust the sewer revenues (rates) for J14 annually over the next three-year period (2026 –2029). HDR has reached this conclusion for the following reasons:

- Revenue adjustments are necessary to fund the identified capital improvements.
- The revenue adjustments are necessary to historical under-funding of J14's operating costs and assumed (projected) annual inflation to J14's annual O&M expenses.
- The proposed revenue adjustments support J14's need for stable financial health and long-term sustainable funding levels.

In reaching this conclusion, HDR would recommend that LACPW adopt revenue adjustments to provide sufficient funding for annual O&M and capital improvement program over the next five-year period for J14.

4 CSMD Fund (GA9) Analysis

This section describes the development of the rate analysis for the Consolidated Sewer Maintenance District (CSMD) Fund GA9. The Consolidated GA9 fund is the primary funding source for funding of operation and maintenance (O&M) expenses. These expenses and resulting rates are applied against all systems and customers. Provided within this section of the report is the summary of the technical rate analysis undertaken for the Consolidated Sewer Maintenance District Fund GA9. The objectives and overall approach used to conduct this rate analysis for the GA9 fund are very similar to the J14 fund analysis.

4.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of funding needed for GA9 and the level of sewer rate revenue adjustments needed to support GA9. In developing the sewer revenue requirement for GA9, it must financially “stand on its own” and be properly funded. As a result, the revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for GA9.

4.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for GA9 was to establish a time frame for the revenue requirement analysis. Similar to the J14 analysis, a ten-year period was developed to review the sewer revenue requirement over a long-term period. While the GA9 rate analysis was developed for a 10-year period, the focus of the Study for establishing proposed GA9 rates is on the next five-year period (2025 – 2029). Reviewing a multi-year time period is recommended since as it identifies major expenses that may be on the horizon. By anticipating future financial requirements, LACPW can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. The revenue requirement was composed of LACPW’s historical financials and 2025 budget for GA9, which was then projected for future years by cost escalation (inflation) factors. Note that historical inflation for the past four years has been higher than average. Looking ahead, it is assumed that annual inflation will be lower and return to more typical (historical) levels. However, the GA9 O&M costs have increased since LACPW’s last rate study and have not been incorporated in prior rate projections.

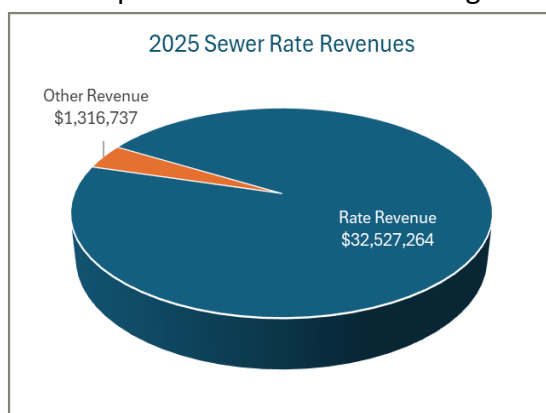
The second step in determining the revenue requirement was to decide on the basis of accumulating costs. For the GA9 revenue requirement analysis, a “cash basis” approach was utilized. As noted, a cash basis approach is the most commonly used methodology by public utilities to set their revenue requirement as it often reflects the budgeting approach and annual expenses.

Given a time period around which to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of the GA9 sewer system.

The primary financial inputs in the development of the GA9 revenue requirement were the sewer budget and historical financials, recent customer billing characteristics (number of accounts, and the number of billed sewage units) for the GA9 sewer system, as provided by LACPW.

4.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the GA9 revenue requirement analysis is to develop a projection of the revenues currently received for the GA9 sewer system. This includes developing a projection of rate revenues, at present rate levels, based on the current GA9 sewage billing units based. These billing units are derived from current GA9 customer billing statistics provided by LACPW. The sewage billing units were then multiplied by the current adopted rates for the GA9 sewer system. This method of independently calculating GA9 rate revenue links the projected rate revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the GA9 analysis are reasonable for purposes of projecting future revenues and ultimately establishing the proposed GA9 rates to collect the target level of revenues. The rate revenues are shown in Exhibit 7 under “Rate Revenues.



The majority of GA9 revenues are derived from rate revenue. In total, and at currently adopted rate levels, the GA9 sewer system is projected to receive approximately \$33.8 million in rate revenue in 2025.

Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0% per year). The detailed calculation of the GA9 rate revenues, at present rate levels, is included in Exhibit 2 of the Technical Appendix.

In addition to rate revenues, the GA9 sewer system also receives other non-operating revenues. These non-rate revenues are related to penalties, interest income, other misc. revenue, etc. In total, GA9 sewer system is projected to receive approximately \$1.3 million per year in other non-operating revenue during the study time period.

On a combined basis, taking into account the rate revenues and the other miscellaneous revenues, the GA9 sewer system has total projected revenues of approximately \$33.8 million in 2025, which is essentially maintained at this level through 2029. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 7 of the Technical Appendix.

4.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the GA9 sewer system to operate and maintain the system at the current level of service. The starting point of the projection of O&M expenses was the historical financials and 2025 budget for the GA9 sewer system. Budgeted O&M expenses were projected over the 10-year time frame based on current budgeted levels, with adjustments for assumed cost escalation (i.e., inflation). Cost escalation factors were used to project the O&M expenses over time. The cost escalation factors used to project the O&M expenses for GA9 took into consideration historical inflationary trends and anticipated future inflationary levels for the GA9 sewer system. The estimated annual cost escalation, excluding known changes to existing and projected costs, was approximately 3.0% annually for the different types of expenses (e.g., salaries, benefits, materials & supplies). These cost escalation factors were developed in discussion and collaboration with LACPW staff.

The total O&M expenses for the GA9 sewer system are budgeted to be approximately \$39.8 million in 2025. Over the five-year projected time period, the total O&M expenses are projected to increase to approximately \$49.4 million by 2029. This is primarily the result of the funding needs for annual equipment replacements. A summary of the O&M expenses is shown as a line item in Table 4 – 1 in section 4.1.7. Overall O&M expenses and projected future O&M expenses are provided in Exhibit 7 of the Technical Appendices.

4.1.4 Projecting Capital Funding Needs

The capital improvement projects planned for the GA9 sewer system are funded through the ACO fund (J14). Therefore, no capital improvements are funded through the proposed rates for the GA9 sewer system with the exception of those included as contractual payments or operating transfers in the O&M budget.

4.1.5 Projection of Debt Service

As noted above, capital improvement projects are funded through the J14 Fund. Given that, there currently is no existing or future debt, or debt service payments being funded through GA9 rate revenues.

HDR is not providing advice on the terms of any debt issuances but rather identifying the overall funding needs, should any exist. As such, HDR is not acting in a municipal advisory role for the issuance of any long-term borrowing.

4.1.6 Reserve Funding

The final component of the GA9 revenue requirement analysis is the reserve funding line item (i.e., change in working capital). This can be described as transfers of revenue to reserve funds to maintain prudent or minimum ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset annual operating costs to minimize the impact to rates.

4.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of LACPW. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities throughout the Study time period. Presented in Table 4 - 1 is a summary of the projected sewer revenue requirement for the GA9 sewer system. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 7).

Table 4 – 1 Summary of the GA9 Sewer Revenue Requirement Analysis (\$000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$32,527	\$32,527	\$32,527	\$32,527	\$32,527
Other Revenues	<u>1,317</u>	<u>1,257</u>	<u>1,187</u>	<u>1,175</u>	<u>1,229</u>
Total Revenues	\$33,844	\$33,784	\$33,714	\$33,703	\$33,756
Expenses					
Total O & M	\$39,834	\$47,014	\$48,229	\$49,481	\$50,771
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$39,834	\$47,014	\$48,229	\$49,481	\$50,771
Total Bal./(Def.) of Funds	(\$5,990)	(\$13,230)	(\$14,515)	(\$15,779)	(\$17,014)
Percent Rate Adjustment	0.0%	19.3%	18.2%	17.1%	2.0%
Proposed Total Revenue After Adjustment	\$33,844	\$40,052	\$47,035	\$54,864	\$55,991

As can be seen, the revenue requirement has summed the O&M for the GA9 sewer system to determine the total revenue requirement. At this time, no rate funded capital or debt service has been identified as part of this study. The total revenue requirement is then compared to the total revenues which include both rate revenues, at current rate levels, and other non-operating revenues.

From this comparison, a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the projected revenues from current rates to determine the level of rate adjustment needed to meet the revenue requirement. The “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments in rate revenues in the initial years will reduce the deficiency in the later years assuming no changes in projected expenses. As can be seen, the GA9 sewer system is projected to operate at a deficiency, prior to rate revenue adjustments. Annual rate adjustments are proposed to provide the funding needed to continue to provide the current levels of sewer service to customers.

The proposed revenue adjustments for the GA9 sewer system are primarily a function of projected increases in O&M expenses. One adjustment to annual O&M starting in 2026 is additional costs related to equipment replacements on an annual basis. Additionally, rate revenue adjustments need to augment and maintain minimum reserve levels. A more detailed revenue requirement is included in Exhibit 7 of the Technical Appendix.

4.1.8 Reserve Fund Levels

One perspective for determining the financial health and sustainability of a utility is the level of available reserve levels after the proposed revenue adjustments. Utilities generally determine a minimum ending balance that, if reached or falls below, is a signal that the utility should review the revenue sources associated with the reserves and take necessary action. Note, minimum ending balances will vary depending on the purpose of the fund and the expected revenue sources. For the GA9 sewer system, the following minimum reserve funding levels were assumed:

- Operating Reserves – The target minimum ending balance is set to 50% of O&M expenses and the target maximum ending balance is set to 100% of O&M expenses.

Shown in Table 4-2 below is the projected beginning and ending operating reserve balances over the rate setting period for the GA9 sewer system.

Table 4 – 2 Summary of the GA9 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$14,862	\$8,873	\$1,911	\$717	\$6,099
Plus: Total Revenue	33,844	40,052	47,035	54,864	55,991
Less: Revenue Requirements	39,834	47,014	48,229	49,481	50,771
Ending Balance	\$8,873	\$1,911	\$717	\$6,099	\$11,320
Oper. Fund Min. Target Bal. (50% O&M)	19,917	23,507	24,115	24,741	25,385
Oper. Fund Target Bal. (100% O&M)	\$39,834	\$47,014	\$48,229	\$49,481	\$50,771

It is important to note that even with the proposed revenue adjustments, the projected operating reserve does not meet the minimum target ending balance.

4.2 Cost of Service Analysis

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund the sewer collection and conveyance system for GA9. This section will provide an overview of the cost of service analysis developed for GA9. The cost of service analysis conducted for GA9 is very similar to the cost of service analysis conducted for J14.

A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement on a per sewage unit basis. The previously developed revenue requirement for GA9 was utilized in the development of the cost of service analysis.

4.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the GA9's revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement. The second rationale for conducting a cost of service analysis is to allow for the design of proposed rates which properly and proportionally reflect the costs incurred by GA9 to provide sewer service.

4.2.2 Determining the GA9 Sewage Billing Units

Similar to the discussion related to J14's sewage billing units, LACPW has identified in the County Code the sewage units by customer type. For the GA9 analysis, these sewage units have been maintained. This further simplifies the cost of service analysis as the GA9 total revenue requirement is divided by the total GA9 billable sewage units to determine the GA9 rate per sewage unit. The sewage billing units used in the GA9 cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendices.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed GA9 rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

4.2.3 Summary of the GA9 Sewer Cost of Service Analysis

As noted, the cost of service analysis for GA9 is simplified given LACPW's sewage unit by customer type as outlined in County Code. For this Study, the total revenue requirement for GA9 is divided by the total sewage units billed of GA9 to determine the average unit costs. The costs for a sewage unit are used to develop the proposed rates for the GA9 sewer system.

Provided in Table 4 – 3 is a summary of the average unit costs for GA9, which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates for GA9. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type. As noted, the sewage units by customer type are provided in Exhibit 19 of the technical appendix.

Table 4 – 3
Summary of the GA9 Sewage Average Unit Cost

District	2026 Total Costs	Total Sewage units	Annual Cost Per Sewage Unit
CSMD Fund - GA9	\$38,795,268	783,789.50	\$49.50

4.3 Rate Design

The final step of the GA9 analysis is the design of rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses for GA9. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

4.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The GA9's proposed sewer rates have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that GA9's proposed rates meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirement as identified in the analysis for GA9.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the sewer rates are used exclusively to fund the operating expenses of the GA9 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

4.3.2 Overview of the Current and Proposed GA9 Sewer Rate

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses, the revenue requirement and cost of service analyses for GA9, proposed rates can be developed for GA9 that reflects the sewage unit basis. Provided in Table 4 - 4 is a summary of the present and proposed sewer rates for GA9.

Table 4 – 4 Summary of the Present and Proposed GA9 Sewer Rates (\$/Sewage Unit/Year)					
	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
CSMD Fund - GA9	\$41.50	\$49.50	\$58.50	\$68.50	\$69.87
\$ Change in Rates	\$0.00	\$8.00	\$9.00	\$10.00	\$1.37

The basis for the proposed rates is the average unit costs developed in the GA9 cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 4-4, the proposed rates for GA9 are projected to increase annually in 2026 through 2029 based on the assumptions and costs developed in this Study. Should the costs or assumptions change, LACPW will need to make the necessary adjustments to the GA9 rates to reflect these changing conditions.

4.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that GA9 adjust sewer revenues (rates) annually over the next four-year period (2026 –2029). HDR has reached this conclusion for the following reasons:

- The revenue adjustments are necessary to fund the operation and maintenance (O&M) funding needs of GA9.
- The proposed revenue adjustments support GA9's need for stable funding, and enhancement of the GA9's minimum operating reserve levels. These adjustments should provide adequate funding to address O&M, while enhancing the current deficiencies in the operating reserve balance.

In reaching this conclusion, HDR would recommend that LACPW adopt the proposed rate revenue adjustments to provide sufficient funding for the GA9 sewer system.



5 Aneta Zone Fund (GB1) Analysis

This section describes the development of the sewer rate analysis for the Aneta Zone Fund (GB1). This is a geographic zone and the rates associated with Aneta Zone Fund GB1 are only assessed to customers within this zone. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GB1 sewer system. The objectives and overall approach used to conduct this rate analysis for the GB1 sewer system are very similar to the prior analyses presented above, with the specific costs associated only with the GB1 sewer system.

5.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for GB1 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to fund the contract payments associated with the GB1 sewer system. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for GB1.

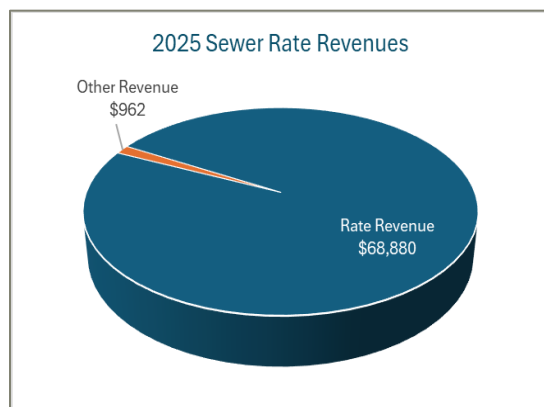
5.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GB1 sewer system was to establish a time frame for the revenue requirement analysis. A ten-year period was developed to review the sewer revenue requirement over a long-term period. Similar to the other analyses, the focus of the Study for establishing proposed rates is on the next five-year period (2025 – 2029). In developing the revenue requirement, the 2024 financials and 2025 budget for the GB1 sewer system was utilized. To project future costs (e.g., contractual wastewater treatment related costs), cost escalation factors were developed and utilized, which are the same as those used for the other analyses developed for LACPW. Note that historical inflation for the past four years has been higher than average, and the O&M costs have increased since LACPW's last rate study and have not been incorporated in prior rate projections for GB1.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. Similar to the other analyses, a “cash basis” approach was utilized to establish the revenue requirement for GB1. The primary financial inputs in the development of the revenue requirement were the GB1 historical and budgeted O&M expenses and current customer billing characteristics (number of accounts, number of billed sewage units) as provided by LACPW.

5.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the revenue requirement is to develop a projection of the revenues currently received from the GB1 sewer system customers. The projection of rate revenues relied on the same approach as used for the other funds reviewed. That is, developing a projection of rate revenues, at present rate levels, based on the current GB1 sewage billing units multiplied by the current adopted sewer rates for GB1. This approach, along with the billing units and current GB1 rates can be seen on Exhibit 2 of the Technical Appendices.



The majority of GB1's total revenues are derived from rate revenue. In total, and at currently adopted rate levels, the GB1 sewer system is projected to receive approximately \$69,000 in rate revenue in 2025. Based on discussions with LACPW, the Study has assumed no customer growth (0.0%/year) for the GB1 sewer system. In addition to rate revenues, the GB1 sewer system also receives a minor amount of other non-operating revenues. These are revenues related to penalties, interest income, other misc. revenue, etc. For 2025, the GB1 sewer system is projected to receive approximately \$962 in miscellaneous revenue.

Taken together, the GB1 sewer system has projected revenues of approximately \$70,000 in 2025, prior to any proposed rate adjustments. This level of revenue is projected to remain constant through 2029. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues for GB1 can be found in Exhibit 8 of the Technical Appendix.

5.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are the first cost component of the "cash basis" revenue requirement. In the case of GB1, there is a very limited amount of O&M expenses. For GB1, there is a single line item related to "Contract Payments." This payment is related to wastewater treatment costs. This specific cost was escalated at 6.0% annually to reflect the projected changes in treatment costs incurred for the GB1 system.

The total operation and maintenance expenses for the GB1 sewer system are budgeted to be approximately \$63,000 in 2025. Over the five-year projected time period, the total O&M expenses are projected to increase to approximately \$80,000 by 2029. Current and future O&M expenses can be found on Exhibit 8 of the Technical Appendix.

5.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GB1 sewer system are funded through the ACO fund (J14). As a result, the revenue requirement does not include any capital improvement funding for GB1.

5.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included for the GB1 sewer system. Given that, there are no current or projected debt-related payments during the study time period. In making the above statements, HDR is not acting in a municipal advisory role.

5.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. Similar to the previous revenue requirement analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset annual O&M expenses to minimize the impact to rates. For the GB1 analysis, no transfers to, or from, reserves have been identified.

5.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GB1 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the O&M expenses specific to the GB1 sewer system throughout the Study time period. Presented in Table 5 - 1 is a summary of the GB1 sewer revenue requirement. Note, LACPW previously adopted an annual inflationary adjustment for GB1 through 2027. This is shown as 2.0% in Table 5-1 below. Rate adjustments in 2028 and 2029 are based on the Study results and recommendations. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 8).

Table 5 – 1 Summary of the GB1 Sewer Revenue Requirement Analysis (\$'000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$69	\$69	\$69	\$69	\$69
Other Revenues	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Revenues	\$70	\$70	\$70	\$70	\$70
Expenses					
Total O & M	\$63	\$67	\$71	\$75	\$80
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$63	\$67	\$71	\$75	\$80
Total Bal./ (Def.) of Funds	\$7	\$3	(\$1)	(\$5)	(\$10)
Percent Rate Adjustment	0.0%	2.0%	2.0%	10.0%	8.0%
Proposed Total Revenue After Adjustment	\$70	\$71	\$73	\$80	\$86

As can be seen, the revenue requirement has summed the costs specific to the GB1 sewer system. Note there are only the contract payments for expenses and no rate funded capital, net debt service, or reserve funding components for the GB1 sewer system. The total revenue requirement is then compared to the total revenues of the GB1 sewer system. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates impact the total rate revenues in the initial years and, at the same time, will reduce the deficiency in the later years.

The GB1 Zone Fund is projected to operate at a slight balance of funds with the implementation of the previously adopted rate increases. However, starting in 2028, it is operating at a deficiency, prior to rate revenue adjustments, and future rate adjustments appear to be needed and are recommended

The proposed revenue adjustments are a function of assumed cost escalation in the contractual payments over this time period and adjust revenues to maintain adequate reserves levels through the ten-year time period. The detailed revenue requirement analysis for the GB1 sewer system is shown on Exhibit 8 of the Technical Appendices.

5.1.8 Reserve Fund Levels

The financial health and sustainability of the GB1 sewer system includes a review of the level of available reserves before and after proposed revenue adjustments. Reserves can have a minimum ending balance that, if reached or falls below, is a signal that LACPW should review the revenue sources associated with the sewer system. The minimum ending balances will vary depending on the purpose of the fund and the expected revenue sources.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 5-2 below is the projected beginning and ending fund balance over the rate setting period for the GB1 sewer system.

Table 5 – 2 Summary of the GB1 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$96	\$103	\$107	\$109	\$113
Plus: Total Revenue	70	71	73	80	86
Less: Revenue Requirements	63	67	71	75	80
Ending Balance	\$103	\$107	\$109	\$113	\$120
Operating Fund Min. Target Balance (50% O&M)	32	33	35	38	40
Operating Fund Target Balance (100% O&M)	\$63	\$67	\$71	\$75	\$80

With the adopted, and proposed, rate revenue adjustments, reserves are projected to be above the stated minimum operating reserve levels during the projected time period. Note the proposed increase in rate revenues is to maintain target reserve balances over the ten-year time period.

5.2 Cost of Service Analysis

The next analytical step of GB1 rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of the GB1 revenue requirement on a per sewage unit basis. The previously developed revenue requirement for GB1 was utilized in the development of the cost of service analysis for the GB1 sewer system.

5.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute GB1's revenue requirement proportionally on a per sewage unit basis
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement. The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflect the costs incurred by the GB1 sewer system.

5.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis for GB1 was a determination of GB1's billing units. HDR was provided the GB1 sewage billing through LACPW's equivalent billing unit data and information. It is important to note that LACPW has previously identified in the County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement for GB1 is divided by the total billable sewage units of GB1 to determine the average rate per sewage unit. The sewage units used in the cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit as outlined in County Code.

5.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. For GB1, the total revenue requirement is divided by the total sewage units billed in GB1 to determine the average unit costs. The costs for a sewage unit are used to

develop the proposed rates. The total costs are divided by the sewage billing units, to develop average unit costs which become the basis for the proposed rates.

Provided in Table 5 – 3 is a summary of the average unit costs, which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 5 – 3 Summary of the GB1 Sewage Average Unit Cost			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Con Aneta Zone Fund - GB1	\$70,258	328.00	\$214.20

5.3 Rate Design

The final step of the Study for the GB1 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses completed for GB1. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

5.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GB1 sewer system customers have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall GB1 revenue requirement identified in this Study.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the sewer rates are used exclusively to fund the operating expenses of the GB1 sewer system.

- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

5.3.2 Overview of the Current and Proposed GB1 Sewer Rate

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses - the GB1 revenue requirement and cost of service analyses - proposed rates can be developed for GB1 that reflect the cost per sewage unit. Provided in Table 5 - 4 is a summary of the present and proposed GB1 sewer rates.

Table 5 – 4 Summary of the Present and Proposed GB1 Sewer Rates (\$/Sewage Unit/Year)					
	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Aneta Zone Fund - GB1	\$210.00	\$214.20	\$218.48	\$240.33	\$259.56
\$ Change in Rates	\$0.00	\$4.20	\$4.28	\$21.85	\$19.23

The basis for the proposed rates is the GB1 average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 5-4, the proposed rates for GB1 are projected to increase annually in 2026 through 2029. The proposed adjustments in 2026 and 2027 are the previously adopted inflationary increase for the GB1 sewer system. The proposed adjustments in 2028 and 2029 are based on the assumptions and projected costs developed as a part of the GB1 revenue requirement analysis. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GB1 rates to reflect these changes.

5.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the GB1 rates, and the resulting rate revenues, be adjusted annually over the next five-year period (2025 –2029). HDR has reached this conclusion based upon the following reasons:

- LACPW has previously adopted rate adjustments planned for 2026 and 2027 which should be implemented to adequately fund the sewer system O&M costs during this time period.

- Additional rate (revenue) adjustments appear to be necessary due to projected increases in costs related to the contract payments for wastewater treatment.
- The proposed rate and revenue adjustments are designed and intended to maintain the financial health and provide long-term sustainable funding levels for the GB1 sewer system.

In reaching this conclusion, HDR would recommend that LACPW implement the previously adopted/planned rate adjustments, as well as the additional recommended rate adjustments shown in 2028 and 2029. These recommendations should provide sufficient funding for annual wastewater treatment O&M expenses over the next five-year period.



6 Fox Park Zone Fund (GB4) Analysis

This section describes the development of the sewer rate analysis for the Fox Park Zone (GB4) sewer system. This is a geographic zone and the rates associated with GB4 are only assessed to customers within this zone based on the specific costs of this sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GB4 sewer system. The objectives and overall approach used to conduct this rate analysis for GB4 are very similar to the other fund analyses presented above.

A main objective of a rate study is to develop cost-based and proportional rates for the GB4 sewer system for the study time period. For purposes of this section, the term “sewer” refers to the sewer system, and the term “wastewater” refers to the contribution of wastewater to the treatment facilities.

6.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GB4 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to fund the contractual payments to maintain and operate the GB4 sewer system. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for GB4.

6.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GB4 sewer system was to establish a time frame for the revenue requirement analysis. Similar to all of the prior revenue requirement analyses, a projected ten-year period was developed. However, the focus was primarily on the next five year period (2025 – 2029). In developing the revenue requirement the historical financials and 2025 budget for GB4 was used to project the future years. To project future costs, cost escalation factors were developed and utilized which were the same as those used for the other analyses.

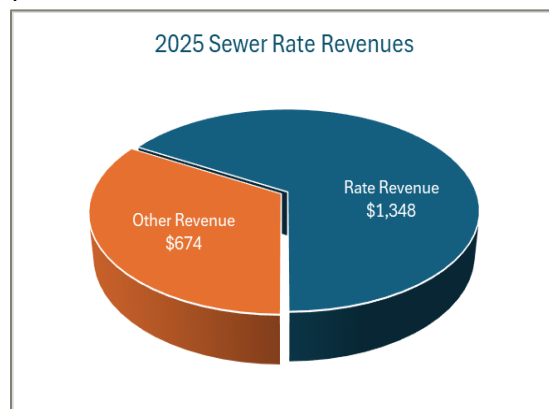
The second step in determining the revenue requirement was to decide on the basis of accumulating costs. Similar to the other revenue requirement analyses for the other systems, the revenue requirement analysis for GB4 was developed using the “cash basis” approach.

As noted, the primary financial inputs in the development of the revenue requirement were the historical and budgeted O&M expenses and current customer billing characteristics (number of accounts, number of billed sewage units) for the GB4 sewer system.

6.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the revenue requirement analysis is to develop a projection of the revenues currently received from the GB4 sewer system customers. The projection of rate revenues relied on the same approach used for the other funds previously reviewed. That is, developing a projection of GB4 rate revenues, at present rate levels, based on the current GB4 sewage units multiplied by the current adopted GB4 sewer rates. This approach, along with the billing units and rates can be seen on Exhibit 2 of the Technical Appendices.

The majority of the total revenues for the GB4 sewer system are derived from rate revenue. In total, and at currently adopted rate levels, the GB4 sewer system is projected to receive approximately \$1,300 in rate revenue in 2025. Based on discussions with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year) for the GB4 sewer system. In addition to rate revenues, GB4 also receives other non-operating revenues. These are revenues related to penalties, interest income, other misc. revenue, etc. In total, GB4 is projected to receive approximately \$674 in miscellaneous revenues in 2025.



The total rate and miscellaneous revenues for the GB4 sewer system is projected to be approximately \$2,000 in 2025. GB4's revenues are projected to remain at this level through 2029. The assumptions used for projecting customer growth and escalation in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues, in the context of the revenue requirement analysis, can be found in Exhibit 10 of the Technical Appendix.

6.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are the first cost component of the "cash basis" revenue requirement. In the case of the GB4 sewer system, there is a very limited amount of O&M expenses. For the GB4 sewer system, there are only two O&M related costs, of which "Contract Payments" is the largest and for wastewater treatment expenses.

The total O&M expenses for the GB4 sewer system are projected to be approximately \$3,700 in 2025, and remain constant (i.e., flat) through 2029. A summary of the O&M expenses is shown as a line item in Table 6 – 1 in section 6.1.8. Overall O&M expenses and projected future O&M expenses are provided in Exhibit 9 of the Technical Appendix.

6.1.4 Projecting Capital Funding Needs

Similar to the other zones, capital improvement projects for the GB4 sewer system are funded through the ACO fund (J14). As a result, the revenue requirement for the GB4 sewer system does not include capital improvement funding.

6.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the revenue requirement for the GB4 sewer system. Given that, there is also no current or projected debt related payments during the study time period. In making the above statement, HDR is not acting in a municipal advisory role.

6.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. Similar to the other revenue requirement analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset annual O&M expenses to minimize, or delay, rate adjustments. For the GB4 revenue requirement, no direct transfers to or from the GB4 reserves are projected.

6.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the revenue requirement analysis for the GB4 sewer system can be developed. In developing the GB4 revenue requirement analysis, consideration was given to the financial planning considerations of the GB4 sewer system. Presented in Table 6 - 1 is a summary of the revenue requirement analysis for the GB4 sewer system. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 10).

Table 6 – 1 Summary of the GB4 Sewer Revenue Requirement Analysis (\$000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$1	\$1	\$1	\$1	\$1
Other Revenues	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Revenues	\$2	\$2	\$2	\$2	\$2
Expenses					
Total O & M	\$4	\$4	\$4	\$4	\$4
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$4	\$4	\$4	\$4	\$4
Total Bal./(Def.) of Funds	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)
Percent Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed Total Revenue After Adjustment	\$2	\$2	\$2	\$2	\$2

As can be seen, the revenue requirement for the GB4 sewer system has summed the specific O&M for the GB4 sewer system. Note there is no rate funded capital, net debt service, or direct

reserve funding components. The total revenue requirement is then compared to the total revenues which include both rate revenues – at current rate levels – and other revenues.

From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates impacts the total rate revenues in the initial years and, at the same time, will reduce the deficiency in the later years.

As can be seen in Table 6-1, the GB4 sewer system is projected to operate at a slight deficiency. However, in discussions with LACPW no rate adjustments are proposed as available reserves will be used to fund deficiencies during this projected time period. A more detailed exhibit of the GB4 revenue requirement analysis can be found on Exhibit 10 of the Technical Appendix.

6.1.8 Reserve Fund Levels

A key component of determining the financial health and sustainability of the GB4 sewer system is to review the level of available reserve levels. A reserve fund can have a minimum ending balance that, if reached or falls below, is a signal that LACPW should review the revenue sources and adjust rate revenues as necessary.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 6-2 is projected beginning and ending operating fund balances over the rate setting period for the GB4 sewer system.

Table 6 - 2 Summary of the GB4 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$67	\$66	\$64	\$62	\$61
Plus: Total Revenue	2	2	2	2	2
Less: Revenue Requirements	4	4	4	4	4
Ending Balance	\$66	\$64	\$62	\$61	\$59
Operating Fund Min. Target Balance (50% O&M)	2	2	2	2	2
Operating Fund Target Balance (100% O&M)	\$4	\$4	\$4	\$4	\$4

As can be seen in the table above, the ending operating reserve balances are greater than the target minimum balances.

6.2 Cost of Service Analysis

The next analytical step of GB4’s rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement for the GB4 sewer system on a per sewage unit basis. The previously developed revenue requirement for GB4 was utilized in the development of the cost of service analysis for the GB4 sewer system.

6.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the GB4 revenue requirement proportionally on a per sewage unit basis
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement. The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GB4 sewer system.

6.2.2 Determining the Sewage Billing Units

The first step in developing cost of service analysis for the GB4 sewer system and customers was a determination of GB4 sewer billing units. HDR determined the sewage billing units based on the equivalent billing unit data and information provided by LACPW for the GB4 sewer system. It is important to note that LACPW has previously identified in the County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement for GB4 is divided by the total billable sewage units for the GB4 sewer system to determine the average rate per sewage unit. The sewage units used in the GB4 cost of service analysis is based on LACPW's equivalent billing unit code for the GB4 sewer system as provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

6.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. As discussed above, the total revenue requirement for GB4 is divided by the total sewage units billed for the GB4 sewer system to determine the average unit costs.

Provided below in Table 6 – 3 is a summary of the average unit costs, which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 6 – 3			
Summary of the GB4 Sewage Average Unit Cost			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Fox Park Zone Fund - GB4	\$1,348	61.00	\$22.10

6.3 Rate Design

The final step of the Study is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses completed for the GB4 sewer system. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

6.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. As noted in Table 6-1 there are no proposed rate revenue adjustments proposed for the GB4 sewer system. Should LACPW determine that future rate adjustments are necessary, the development of the proposed rates will need to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D), also known as Proposition 218.

6.3.2 Overview of the Current and Proposed Sewer Rate Structure

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses for the GB4 sewer system- the revenue requirement and cost of service analyses- no rate adjustments have been proposed for the 2025 – 2029 time period. Provided in Table 6 - 4 is a summary of the present and proposed sewer rates.

Table 6 – 4					
Summary of the Present and Proposed GB4 Sewer Rates (\$/Sewage Unit/Year)					
	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Fox Park Zone Fund - GB4	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10
\$ Change in Rates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

As can be seen in Table 6-4, the proposed rates for GB4 are projected to remain at current rate levels through 2029. Should the costs or assumptions for GB4 change, the LACPW should review the changes and make the necessary adjustments to the rates to reflect those changing conditions.

6.4 Consultant's Conclusions

Based on the analyses developed herein, HDR recommends that LACPW maintain the current level of sewer revenues for the GB4 sewer system over the next five-year period (2025 –2029). HDR has reached this conclusion for the following reasons:

- The current level of revenues, plus available reserves, provides sufficient funding for the specific O&M for the GB4 sewer system.

In reaching this conclusion, HDR would recommend that LACPW maintain the current rate levels over the next five-year period.



7 Malibu Zone Fund (GB8) Analysis

This section describes the development of the sewer rate analysis for the Malibu Zone Fund (GB8). This is a geographic zone, and the rates associated with GB8 sewer system are only assessed to customers within this zone. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GB8 sewer system. The objectives and overall approach used to conduct this rate analysis for GB8 are very similar to the other fund analyses presented above.

7.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the Malibu Zone Fund. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GB8 system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the Malibu Zone Fund GB8 system.

7.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GB8 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GB8 sewer revenue requirement. Similar to the other zones, the focus of the Malibu revenue requirement analysis is on the five-year period of 2025 – 2029. The GB8 revenue requirement was developed based upon the 2024 financials and 2025 budget for the GB8 system. To project future costs, cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for the GB8 system.

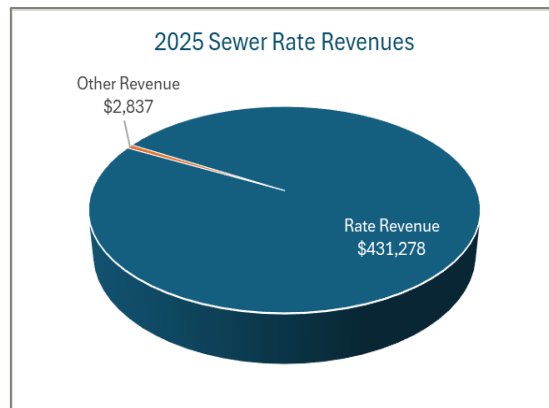
The primary financial inputs in the development of the revenue requirement were the GB8 historical financials, budgeted GB8 expenses, and current GB8 customer billing data and information.

7.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GB8 sewer system. The projection of GB8 sewer revenues relied upon the same approach as used for the other funds reviewed. That is, developing a projection of GB8 rate revenues, at present rate levels, based upon the current GB8 sewage billing units multiplied by the current (i.e., adopted) GB8 sewer rates. This approach,

along with the billing units and current GB8 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of GB8's revenues are derived from rate revenue. In total, and at currently adopted rate levels, the GB8 sewer system is projected to receive approximately \$431,000 in rate revenue in 2025. Based on discussions with LACPW, the Study assumed no customer growth (i.e., 0.0%/year). The detailed calculation of the revenues at present rates can be found on Exhibit 2 of the Technical Appendices, and the 10-year projection of rate revenues can be found on Exhibit 11 of the Technical Appendices.



In addition to rate revenues, the GB8 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GB8 sewer system is projected to receive miscellaneous revenues of approximately \$2,800 in 2025. This minor amount of revenue will increase slightly over the Study time period as interest earnings increase given increases in reserve levels.

In total, the rate revenues and the other miscellaneous revenues from the GB8 system are approximately \$434,000 in 2025. This amount increases slightly over time to approximately \$436,000 in 2029. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues for the Malibu Zone Fund can be found in Exhibit 11 of the Technical Appendix.

7.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by LACPW to provide sewer collection and treatment services for the benefit of the customers in the GB8 sewer system. The starting point of projecting the GB8 O&M expenses was GB8 historical financials and the 2025 budget for the GB8 sewer system. O&M expenses were projected over the projected 10-year time period using cost escalation factors. The cost escalation factors were developed based on past historical inflationary trends and anticipated increases in costs for the GB8 sewer system. The cost escalation factors for the various types of expenses ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussions with LACPW staff and the projections in the long-term financial plan for the GB8 sewer system.

The total collection and treatment O&M expenses for the GB8 sewer system are budgeted to be approximately \$500,000 in 2025. Over the five-year projected time period (2025 – 2029), the GB8 total O&M expenses are projected to increase to approximately \$565,000 by 2029. A summary of the O&M expenses is shown as a line item in Table 7 – 1 in subsection 7.1.7. The detailed projection of the GB8 O&M expenses can be found on Exhibit 11 of the Technical Appendix.

7.1.4 Projecting Capital Funding Needs

Capital improvement projects for the Malibu sewer system are funded through the ACO fund (J14). As a result, the revenue requirement for the GB8 sewer system does not include any capital improvement funding.

7.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GB8 Fund. Given that, there are no current or projected debt-related payments during the study time period. In making that statement, HDR is not acting in a municipal advisory role.

7.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. Similar to the other analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset operating costs to minimize the impact to rates. For this Study time period, no transfers to, or from, the GB8 Zone Fund reserves have been identified.

7.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the Malibu Zone Fund GB8 revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GB8 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities throughout the Study time period. Presented in Table 7 - 1 is a summary of the GB8 revenue requirement analysis. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 11).

Table 7 - 1
Summary of the GB8 Sewer Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$431	\$431	\$431	\$431	\$431
Other Revenues	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>5</u>
Total Revenues	\$434	\$433	\$434	\$434	\$436
Expenses					
Total O & M	\$502	\$517	\$533	\$549	\$565
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$502	\$517	\$533	\$549	\$565
Total Bal./(Def.) of Funds	(\$68)	(\$84)	(\$99)	(\$114)	(\$129)
Percent Rate Adjustment	0.0%	22.1%	18.1%	15.3%	0.0%
Proposed Total Revenue After Adjustment	\$434	\$529	\$625	\$721	\$723

As can be seen, the GB8 revenue requirement has summed the O&M specific to the GB8 sewer system. Note there are only O&M expenses and no identified costs for rate funded capital, net debt service, or reserve funding components. Again, capital improvement related costs for the GB8 system are funded through the J14 fund. The total GB8 revenue requirement is then compared to the total GB8 revenues. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates in the initial years will reduce the deficiency of funds in the later years.

As can be seen, the GB8 sewer system is operating at a deficiency. Rate adjustments are shown in 2026, 2027, and 2028. These adjustments are designed to eliminate the projected deficiencies and strengthen the current GB8 operating reserve levels. The detailed revenue requirement analysis for the Malibu GB8 system can be found on Exhibit 11 of the Technical Appendix.

7.1.8 Reserve Fund Levels

The financial health and sustainability of the Malibu GB8 system includes a review of the level of available operating reserve before and after any proposed revenue adjustments. Reserves can have targeted minimum ending balances that, if reached or fall below, financially signals to LACPW that they should review the revenue sources associated with the sewer system and take the appropriate action to maintain or exceed targeted minimum balances.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 7-2 is the projected ending reserve balances over the rate setting period for the GB8 sewer system.

Table 7 - 2
Summary of the GB8 Operating Reserve Fund (\$000s)

	2025	2026	2027	2028	2029
Beginning Fund Balance	\$226	\$158	\$170	\$262	\$434
Plus: Total Revenue	434	529	625	721	723
Less: Revenue Requirements	502	517	533	549	565
Ending Balance	\$158	\$170	\$262	\$434	\$592
Operating Fund Min. Target Balance (50% O&M)	251	259	266	274	282
Operating Fund Target Balance (100% O&M)	\$502	\$517	\$533	\$549	\$565

As can be seen, in 2025 the ending operating reserve balance is below the targeted minimum ending balance. The proposed rate adjustments are designed to begin to replenish the operating reserve and increase the ending balances to meet or exceed the targeted minimum fund balance.

7.2 Cost of Service Analysis

The next analytical step of the GB8 rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of GB8's total revenue requirement on a per sewage unit basis. The previously developed GB8 revenue requirement was utilized in the development of GB8's cost of service analysis.

7.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute GB8's revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GB8 Zone Fund.

7.2.2 Determining the Sewage Billing Units

The first step in developing GB8's cost of service analysis was a determination of GB8's billing units. The sewage billing units for the GB8 sewer system were based on LACPW's equivalent billing unit data and information. It is important to note that LACPW has identified in County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as GB8's total revenue requirement is divided by GB8's total billable sewage units to determine the average rate per sewage unit. The sewage billing units used in the cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. However, LACPW bills customers on a sewage unit basis. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one (1) sewage unit.

7.2.3 Summary of the Sewer Cost of Service Analysis

As noted, GB8's cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. For GB8's cost of service analysis, GB8's total revenue requirement was divided by GB8's total sewage units billed to determine the average unit costs. The costs on a per sewage unit basis are used to develop the proposed rates for the test period. The total costs, specific to the GB8 sewer system, are divided by the total sewage units in the GB8 sewer system, to develop average unit costs which become the proposed rates. GB8's average unit cost was used in the development of the proposed GB8's rates.

Table 7 – 3 is a summary of the average unit costs which are based on the proposed rate structure on a per sewage unit basis. That is, one (1) sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 7 – 3 Summary of the GB8 Sewage Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Malibu Zone Fund - GB8	\$526,778	191.00	\$2,758.00

7.3 Rate Design

The final step of rate analysis for the GB8 sewer system is the design of rates to collect the targeted level of revenue, based on the results of GB8's revenue requirement and cost of service analyses. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

7.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GB8 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based and proportional rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates

based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for the GB8 sewer system meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed GB8 rates are designed to collect the specific revenue requirement of the GB8 sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed GB8 sewer rates are used exclusively to operate and maintain the GB8 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

7.3.2 Overview of the Current and Proposed GB8 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. A flat rate provides revenue stability for LACPW and in a simple and easy to understand manner.

Given the result of the prior analyses - the GB8 revenue requirement and cost of service analyses- proposed rates can be developed for the Malibu GB8 system that reflect the system's cost on a per sewage unit basis. Provided below in Table 7 - 4 is a summary of the present and proposed sewer rates for the Malibu GB8 sewer system.

Table 7 - 4
Summary of the Present and Proposed GB8 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Malibu Zone Fund - GB8	\$2,258.00	\$2,758.00	\$3,258.00	\$3,758.00	\$3,758.00
\$ Change in Rates	\$0.00	\$500.00	\$500.00	\$500.00	\$0.00

The basis for the proposed rates is the GB8 average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 7-4, the proposed rates for GB8 are projected to increase annually in 2026, 2027, and 2028 to reflect the projection of costs specific to the GB8 sewer system. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GB8 rates to reflect these changed conditions.

7.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the rates for the Malibu Zone Fund GB8 be adjusted in 2026, 2027 and 2028 to reflect the findings and conclusions from the Malibu GB8 revenue requirement and cost of service analyses. HDR has reached this conclusion for the following reasons:

- The proposed rate adjustments are necessary due to projected increases as a result of cost escalation over time, along with the need to increase and replenish the GB8 Operating Reserve to meet or exceed their stated minimum reserve levels.
- The proposed rate revenue adjustments are designed and intended to maintain the financial health and provide long-term sustainable funding levels for the GB8 sewer system.

In reaching this conclusion, HDR would recommend that LACPW adopt the proposed rate/revenue adjustments to provide adequate funding for the Malibu Zone Fund GB8 system over the five-year period of 2025 – 2029.



8 Summit Road Zone Fund (GC2) Analysis

This section describes the development of the sewer rate analysis for the Summit Road Zone Fund (GC2). This is a geographic zone, and the rates associated with Summit Road Zone Fund are only assessed to customers within the GC2 sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for GC2 sewer system. The objectives and overall approach used to conduct this rate analysis for the GC2 sewer system are very similar to the other fund analyses presented above.

8.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the specific annual O&M expenses for the Summit Road Fund. The revenue requirement analysis, as developed herein, assumes the funding needed to fund the Summit Road system. The following sections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for GC2.

8.1.1 Establishing a Time Frame and Approach

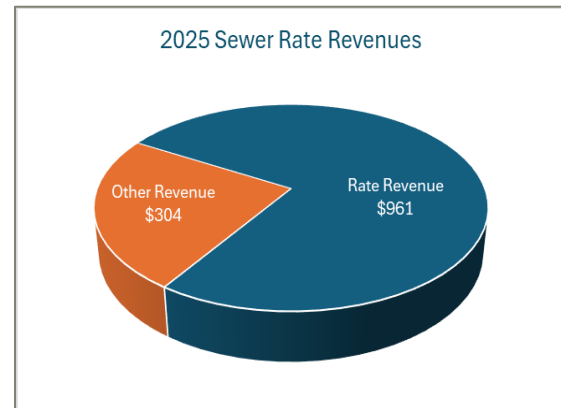
The first step in calculating the revenue requirement for the GC2 sewer system was to establish a time frame for the revenue requirement analysis. A ten-year period was developed to review the sewer revenue requirement over a long-term period. However, like the other analyses, the focus of the Study for establishing proposed rates is on the next five-year period (2025 – 2029). In developing the revenue requirement for the GC2 sewer system, the 2024 financials and 2025 budget provide by LACPW for GC2 was utilized. To project future costs (e.g., contractual wastewater treatment related costs), cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. Similar to the other analyses, a “cash basis” approach was utilized to establish the revenue requirement for GC2. The primary financial inputs in the development of the revenue requirement were the GC2 historical and budgeted O&M expenses and current customer billing characteristics (number of accounts, number of billed sewage units) as provided by LACPW.

8.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the revenue requirement analysis is to develop a projection of the revenues currently received from the GC2 customers. This projection of rate revenues relied on the same approach as used for the other funds reviewed. That is, developing a projection of GC2 rate revenues, at present rate levels, based on the current GB1 sewage billing units multiplied by the current adopted sewer rates for the GC2 sewer system. This approach, along with the billing units and current GC2 rates can be seen on Exhibit 2 of the Technical Appendices.

The majority of GC2's revenues are derived from rate revenue. In total, and at currently adopted rate levels, the GC2 sewer system is projected to receive approximately \$1,000 in rate revenue in 2025. Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year) for the GC2 Zone Fund. In addition to rate revenues, the GC2 system also receives a very minor amount of non-operating or miscellaneous revenues. In total, the GC2 sewer system is projected to receive approximately \$300 in miscellaneous revenues in 2025.



Taken together, the GC2 fund has total projected revenues of approximately \$1,300 in 2025, which are projected to remain constant through 2029. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 9 of the Technical Appendix.

8.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are the first cost component of the cash basis revenue requirement. In the case of the GC2 sewer system, there is a very limited amount of O&M expenses, which includes contract payments and miscellaneous charges. These O&M costs are related to system maintenance and wastewater treatment costs. In discussion with LACPW staff, these specific costs were held constant over the 10-year projected time period.

The total operation and maintenance expenses for the GC2 sewer system are budgeted to be approximately \$700 in 2025. Over the five-year projected time period, the total O&M expenses are projected to remain constant at approximately \$700 through 2029. A summary of the O&M expenses is shown as a line item in Table 8 – 1 in section 8.1.7. Overall O&M expenses and projected future O&M expenses are provided in Exhibit 9 of the Technical Appendix.

8.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GC2 sewer system are funded through the ACO fund (J14). As a result, the GC2 revenue requirement does not include any capital improvement funding.

8.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC2 revenue requirement. Given that, there are no current or projected debt-related payments during the study time period. In making the above statements, HDR is not acting in a municipal advisory role.

8.1.6 Reserve Funding

The final component of the revenue requirement analysis is the reserve funding line item. Similar to the previous discussions with the other zones, operating reserves can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, the balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset operating and/or capital costs to minimize the impact to rates. For the GC2 sewer system no transfers to, or from, operating reserves have been identified.

8.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the specific financial planning considerations of the GC2 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the O&M expenses specific to the GC2 system throughout the Study time period. Presented in Table 8 - 1 is a summary of the revenue requirement for the GC2 sewer system. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 9).

Table 8 - 1					
Summary of the GC2 Revenue Requirement Analysis (\$000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$1	\$1	\$1	\$1	\$1
Other Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$1	\$1	\$1	\$1	\$1
Expenses					
Total O & M	\$1	\$1	\$1	\$1	\$1
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$1	\$1	\$1	\$1	\$1
Total Bal./(Def.) of Funds	\$1	\$1	\$1	\$1	\$1
Percent Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed Total Revenue After Adjustment	\$1	\$1	\$1	\$1	\$1

As can be seen, the revenue requirement has summarized the revenues and O&M expenses for the GC2 system. summed the specific annual O&M necessary to maintain and operating the GC2 sewer system. Given the size of this system, no adjustments to rates are proposed for the Summit Road GC2 system. The detailed revenue requirement analysis for the Summit Road GC2 system can be found on Exhibit 9 of the Technical Appendix.

8.1.8 Reserve Fund Levels

Similar to the other zone funds, operating reserves typically have a stated or targeted minimum ending balance. If the ending balance of the reserve fund reaches or falls below the stated minimum balance, this signals the need to review the revenue sources associated with the fund. The minimum ending balances will vary depending on the purpose of the fund and the expected revenue sources.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in the Table 8-2 is the projected beginning and ending reserve balance over the rate setting period for the GC2 sewer system.

Table 8 - 2					
Summary of the GC2 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$30	\$31	\$32	\$32	\$33
Plus: Total Revenue	1	1	1	1	1
Less: Revenue Requirements	1	1	1	1	1
Ending Balance	\$31	\$32	\$32	\$33	\$33
Operating Fund Min. Target Balance (50% O&M)	0	0	0	0	0
Operating Fund Target Balance (100% O&M)	\$1	\$1	\$1	\$1	\$1

As shown in Table 8-2, the ending reserve balances for the GC2 sewer system are above the stated minimum balance throughout the five-year period.

8.2 Cost of Service Analysis

The next analytical step of GC2 rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of GC2's total revenue requirement on a per sewage unit basis. The previously developed GC2 revenue requirement was utilized in the development of the cost of service analysis.

8.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

- Distribute GC2's revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement from the sewer system customers. The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflect the costs incurred by the GC2 Zone Fund.

8.2.2 Determining the Sewage Billing Units

The first step in developing cost of service analysis was a determination of the sewage billing units for the GC2 sewer system. HDR determined GC2's sewage billing units based on the equivalent billing unit data and information provided by LACPW. It is important to note that LACPW has previously identified in the County Code the sewage units by customer type. For this study, these sewage units have been maintained. The sewage billing units used in GC2's cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

8.2.3 Summary of the Sewer Cost of Service Analysis

The approach used for Summit Road Zone Fund GC2's cost of service analysis is similar to all the other zone funds previously reviewed and discussed. Under this approach, GC2's total revenue requirement is divided by GC2's total sewage units billed to determine GC2's average unit costs. GC2's average unit cost was then used in the development of the proposed GC2 rates.

Provided below Table 8 – 3 is a summary of the average unit costs, which are based on the proposed rate structure on a per sewage unit basis. That is, one (1) sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed on an equivalency basis which is a defined proportion of a sewage unit based on the type of commercial customer. The LACPW's equivalency factors are based upon industry standard ratios for each customer type.

Table 8 – 3			
Summary of the GC2 Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Summit Road Zone - GC2	\$961	63.00	\$15.26

8.3 Rate Design

The final step of the rate analysis for the GC2 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing GC2's rates, consideration is given to the level of the rates and the structure of the rates.

8.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GC2 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. Note, there is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) outlines various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for the GC2 sewer system meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed GC2 rates are designed to collect the overall GC2 revenue requirement identified in this Study.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed sewer rates are used exclusively to operate and maintain the GC2 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

8.3.2 Overview of the Current and Proposed GC2 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses - the GC2 revenue requirement and cost of service analyses- proposed rates can be developed that reflect the cost per sewage unit. Provided in Table 8 - 4 is a summary of the present and proposed GC2 sewer rates.

Table 8 - 4
Summary of the Present and Proposed GC2 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Summit Road Zone - GC2	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26
\$ Change in Rates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

As can be seen, no changes to the present GC2 rates are proposed. However, should the GC2 system costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC2 rates to reflect these changes.

8.4 Consultant's Conclusions

Based on the rate analysis developed herein, HDR recommends that LACPW maintain the level of revenues received from the GC2 system over the next five-year period (2025 –2029). HDR has reached this conclusion for the following reasons:

- The current level of revenues, plus available reserves, is projected to provide sufficient funding for the specific and very limited O&M costs of the GC2 sewer system.
- The current level of revenues maintains GC2's financial health/status and maintain adequate operating reserve levels.

In reaching these conclusions, HDR would recommend that LACPW maintain the current revenue levels for GC2 over the next five-year period.



9 Topanga Zone Fund (GC3) Analysis

This section describes the development of the sewer rate analysis for the Topanga Zone Fund (GC3). This is a geographic zone and the rates associated with Topanga Zone Fund GC3 are only assessed to customers within this sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GC3 sewer system. The objectives and overall approach used to conduct this rate analysis for the GC3 Fund are very similar to the other fund analyses presented above.

9.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GC3 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GC3 sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the GC3 sewer system.

9.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GC3 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GC3 sewer revenue requirement. Similar to the other zones, the focus of the Topanga revenue requirement analysis is on the five-year period of 2025 – 2029. The GC3 revenue requirement was developed based upon the 2024 financials and 2025 budget for the GC3 system. To project future costs, cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for the GC3 sewer system.

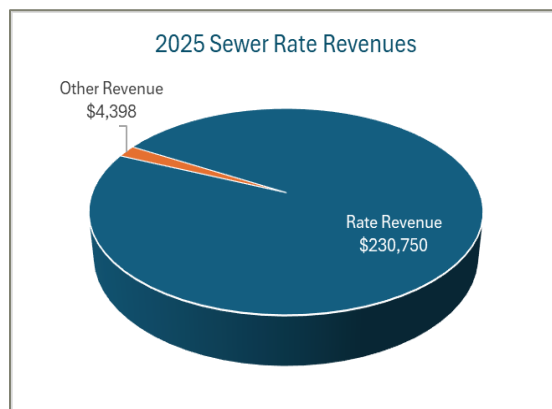
The primary financial inputs in the development of the revenue requirement were the GC3 historical financials, budgeted GC3 expenses, and current GC3 customer billing data and information.

9.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GC3 sewer system. The projection of GC3 sewer revenues relied on the same approach as used for the other funds reviewed. That is, developing a projection of rate revenues, at present rate levels, based upon the current sewage billing units multiplied by the current (i.e., adopted) sewer rates for the GC3 sewer system. This approach,

along with the billing units and current GC3 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues for the GC3 sewer system are derived from rate revenue. In total, and at currently adopted rate levels, the GC3 sewer system is projected to receive approximately \$231,000 in rate revenue in 2025. Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). As a result, rate revenues, at current rate levels, are projected to remain constant over the Study period. The detailed calculation of the GC3 revenues at present rates can be found on Exhibit 2 of the Technical Appendix.



In addition to rate revenues, the GC3 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GC3 system is projected to receive approximately \$4,400 in miscellaneous revenues in 2025, which is projected to remain at this approximate level through 2029.

In total, the rate revenues and the other revenues from the GC3 system are approximately \$235,000 in 2025. This level of revenue remains relatively constant over the projected 10-year period. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 12 of the Technical Appendix.

9.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are the first cost component of the “cash basis” revenue requirement. In the case of GC3 sewer system, there is a very limited amount of O&M expenses. Similar to the Aneta Zone Fund, for the Topanga GC3 Zone Fund, there are only two O&M related costs, of which “Contract Payments” is the largest. This specific cost was escalated at 3.0%/year to reflect the projected increases due to inflation over time in the GC3 sewer system. The total O&M expenses for the GC3 sewer system are budgeted to be approximately \$265,000 in 2025. Over the five-year projected time period, the total O&M expenses are projected to increase to approximately \$299,000 by 2029. A summary of the O&M expenses is shown as a line item in Table 9 – 1 in section 9.1.7. Overall O&M expenses and projected future O&M expenses are provided in Exhibit 12 of the Technical Appendix.

9.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GC3 sewer system are funded through the ACO fund (J14). As a result, the GC3 revenue requirement does not include any capital improvement funding.

9.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC3 sewer system. Given that, there are no current or projected debt related payments during the study time period. In making the above statement, HDR is not acting in a municipal advisory role.

9.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. Similar to the other revenue requirement analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset annual O&M expenses to minimize, or delay, rate adjustments. For the GC3 Zone Fund, no transfers to or from the GC3 operating reserve have been identified.

9.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the GC3 revenue requirement analysis can be developed. In developing the GC3 revenue requirement analysis, consideration was given to the financial planning considerations of the GC3 sewer system. Presented in Table 9 - 1 is a summary of the sewer revenue requirement for the GC3 sewer system. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 12).

Table 9 - 1 Summary of the GC3 Revenue Requirement Analysis (\$000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$231	\$231	\$231	\$231	\$231
Other Revenues	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>
Total Revenues	\$235	\$235	\$235	\$235	\$236
Expenses					
Total O & M	\$266	\$274	\$282	\$290	\$299
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$266	\$274	\$282	\$290	\$299
Total Bal./(Def.) of Funds	(\$31)	(\$39)	(\$47)	(\$55)	(\$63)
Percent Rate Adjustment	0.0%	15.4%	13.3%	11.8%	0.0%
Proposed Total Revenue After Adjustment	\$235	\$270	\$306	\$342	\$342

As can be seen in Table 6-1, the revenue requirement has summed the specific O&M for the GC3 system. As noted above, there are costs within the GC3 fund for rate funded capital, net debt service, or reserve funding. The total revenue requirement is then compared to the total revenues which include both rate revenues – at current rate levels – and other revenues.

From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates impacts the total rate revenues in the initial years and, at the same time, will reduce the deficiency in the later years.

Absent any rate adjustments, the GC3 system is projected to operate at a deficiency. As a result, rate adjustments have been proposed for 2026, 2027 and 2028. The proposed rate adjustments are a function of assumed inflation over this time period and the need to strength the GC3 ending operating reserve balance. A more detailed revenue requirement is included in Exhibit 12 of the Technical Appendix.

9.1.8 Reserve Fund Levels

A key component of determining the financial health and sustainability of the GB4 sewer system is to review the level of available reserves. A reserve fund can have a minimum ending balance that, if reached or falls below, is a signal that LACPW should review the revenue sources and adjust rate revenues as necessary.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 9-2 is the ending fund balance over the rate setting period for the GC3 sewer system.

Table 9 - 2 Summary of the GC3 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$151	\$121	\$117	\$141	\$192
Plus: Total Revenue	235	270	306	342	342
Less: Revenue Requirements	266	274	282	290	299
Ending Balance	\$121	\$117	\$141	\$192	\$235
Oper. Fund Min. Target Balance (50% O&M)	133	137	141	145	150
Operating Fund Target Balance (100% O&M)	\$266	\$274	\$282	\$290	\$299

As can be seen in the table above, the ending fund balance in the initial years are below the targeted minimum balance. With the proposed rate adjustments, the ending reserve balance is projected to be above the targeted minimum.

9.2 Cost of Service Analysis

The next analytical step of the rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement on a per sewage unit basis for the customers of the GC3 sewer system. The previously developed revenue requirement for the GC3 sewer system was utilized in the development of the GC3 cost of service analysis.

9.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the GC3 revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the sewer system's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GC3 Zone Fund.

9.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis was a determination of the billing units for the GC3 sewer system. HDR based the sewage billing units on the equivalent billing unit data and information provided by LACPW for the GC3 sewer system. It is important to note that LACPW has previously identified in the County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as GC3's total revenue requirement is divided by GC3's total billable sewage units to determine the average rate per sewage unit. The sewage units used in GC3's cost of service analysis is based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

9.2.3 Summary of the Sewer Cost of Service Analysis

As noted, GC3's cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. As previously discussed, GC3's total revenue requirement is divided by GC3's total sewage units billed to determine the average unit costs. The average unit costs for a sewage unit are used to develop the proposed rates.

Provided in Table 9 – 3 is a summary of the average unit costs, which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 9 – 3
Summary of the GC3 Average Unit Cost

District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Con Topanga Zone Fund - GC3	\$266,250	355.00	\$750.00

9.3 Rate Design

The final step of the rate analysis for the GC3 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing GC3's rates, consideration is given to the level of the rates and the structure of the rates.

9.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The GC3's proposed sewer rates have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately and equitably distributed on a per equivalent billing unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that GC3's proposed rates meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed GC3 rates are designed to collect the overall GC3 revenue requirement identified in this Study.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed rates are used exclusively to operate and maintain and fund the GC3's sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per equivalent unit basis.

9.3.2 Overview of the Current and Proposed Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses - the GC3 revenue requirement and cost of service analyses- proposed rates can be developed that reflect the cost per sewage unit basis. Provided in Table 9 - 4 is a summary of the present and proposed GC3 sewer rates.

Table 9 - 4 Summary of the Present and Proposed GC3 Sewer Rates (\$/Sewage Unit/Year)					
	<i>\$ / Sewage Unit</i>				
Topanga Zone Fund - GC3	\$650.00	\$750.00	\$850.00	\$950.00	\$950.00
\$ Change in Rates	\$0.00	\$100.00	\$100.00	\$100.00	\$0.00

The basis for the proposed rates is the average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 9 - 4, the proposed rates for GC3 are projected to increase annually in 2026, 2027, and 2028 to reflect the projection of costs (i.e., revenue requirements) specific to the GC3 sewer system based on the assumptions and costs developed in this Study. Should the GC3 system costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC3 rates to reflect these changed conditions.

9.4 Consultant's Conclusions

Based on the rate analyses developed herein, HDR recommends that LACPW adjust the GC3 sewer revenues over the projected five-year period (2025 –2029). HDR has reached this conclusion for the following reasons:

- The revenue adjustments are necessary due to the projected escalation of O&M costs.
- The proposed rate adjustments strengthen the overall financial health of the GC3 system, and, in particular, the ending operating reserve balances of the fund.

In reaching this conclusion, HDR would recommend that LACPW adopt the rate adjustments as shown in Table 9-4.



10 Trancas Zone Fund (GC4) Analysis

This section describes the development of the sewer rate analysis for the Trancas Zone Fund (GC4). This is a geographic zone and the rates associated with the BC4 sewer system are only assessed to customers within this sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the Trancas Zone Fund GC4. The objectives and overall approach used to conduct this rate analysis for the GC4 Fund are very similar to the other fund analyses presented above.

10.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GC4 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GC4 sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the GC4 sewer system.

10.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GC4 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GC4 sewer revenue requirement. Similar to the other zones, the focus of the revenue requirement analysis for the GC4 sewer system is on the five-year period of 2025 – 2029. The GC4 revenue requirement was developed based upon the 2024 financials and 2025 budget for the GC4 system as provided by LACPW. To project future costs, cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for the GC4 sewer system.

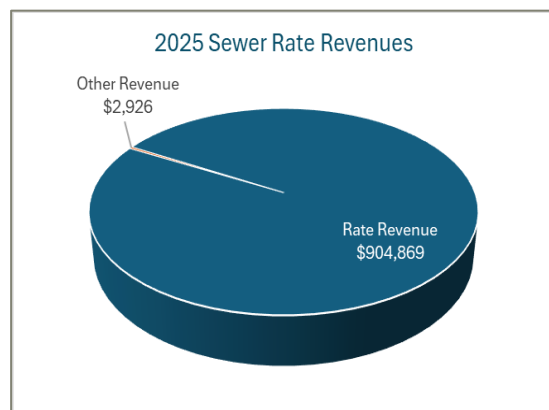
The primary financial inputs in the development of the revenue requirement were the GC4 historical financials, budgeted GC4 expenses, and current GC4 customer billing data and information.

10.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the revenue requirement is to develop a projection of the revenues currently received for the GC4 sewer system. The projection of GC4 sewer revenues relied on the same approach as used for the other funds reviewed. That is, developing a projection of GC4 rate revenues, at present rate levels, based upon the current GC4 sewage billing units multiplied by

the current (i.e., adopted) GC4 sewer rates. This approach, along with the billing units and current GC4 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues are derived from rate revenue for the GC4 sewer system. In total, and at currently adopted rate levels, the GC4 sewer system is projected to receive approximately \$905,000 in rate revenue in 2025. Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). The detailed calculation of revenues at present rates can be found on Exhibit 2 of the Technical Appendix, and the 10-year projection of rate revenues can be found on Exhibit 13 of the Technical Appendices.



In addition to rate revenues, the GC4 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GC4 sewer system is projected to receive approximately \$2,900 in non-operating revenues in 2025. This level of revenue is projected to increase slightly over the 10-year time period.

In total, the rate revenues and the other miscellaneous revenues from the GC4 sewer system are approximately \$908,000 in 2025. This amount increases slightly over time to approximately \$910,000 in 2029. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues for the GC4 sewer system can be found on Exhibit 13 of the Technical Appendix.

10.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by LACPW to provide sewer collection and treatment services for the benefit of the customers in the GC4 sewer system. The starting point of projecting the O&M expenses was historical financials and the 2025 budget for the GC4 sewer system. O&M expenses were projected over the projected 10-year time period using cost escalation factors. The cost escalation factors were developed based upon past historical inflationary trends and anticipated increases in costs for the GC4 system. The cost escalation factors for the various types of expenses ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussions with LACPW staff and the projections in the long-term financial plan for the GC4 sewer system.

The total collection and treatment O&M expenses for the GC4 sewer system are budgeted to be approximately \$822,000 in 2025. Over the five-year projected time period (2025 – 2029), the total O&M expenses are projected to increase to approximately \$925,000 by 2029 for the GC4 sewer system. A summary of the O&M expenses is shown as a line item in Table 10 – 1 in subsection 10.1.7. The detailed projection of GC4 O&M expenses can be found on Exhibit 13 of the Technical Appendix.

10.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GC4 sewer system are funded through the ACO fund (J14). As a result, the GC4 revenue requirement does not include any capital improvement funding.

10.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC4 revenue requirement. Given that, there are no current or projected debt-related payments during the study time period. In making that statement, HDR is not acting in a municipal advisory role.

10.1.6 Reserve Funding

The final component of the revenue requirement analysis is the reserve funding. Similar to the other analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset operating costs to minimize the impact to rates. For the GC4 sewer system a transfer to J14 has been included to reimburse the J14 Fund for the funding of capital improvements specific to the GC4 sewer system starting in FY 2026.

10.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the GC4 revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GC4 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities throughout the Study time period. Presented in Table 10 - 1 is a summary of the GC4 revenue requirement. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibits 13).

Table 10 - 1
Summary of the GC4 Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$905	\$905	\$905	\$905	\$905
Other Revenues	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>
Total Revenues	\$908	\$909	\$909	\$910	\$910
Expenses					
Total O & M	\$822	\$846	\$872	\$898	\$925
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>424</u>	<u>424</u>	<u>424</u>	<u>424</u>
Total Expenses	\$822	\$1,271	\$1,296	\$1,322	\$1,349
Total Bal./ (Def.) of Funds	\$86	(\$362)	(\$387)	(\$412)	(\$439)
Percent Rate Adjustment	0.0%	46.9%	0.0%	0.0%	0.0%
Proposed Total Revenue After Adjust.	\$908	\$1,333	\$1,333	\$1,334	\$1,334

As can be seen, the GC4 revenue requirement has summed the O&M and transfer to J14 (“Change in Working Capital”) to establish the total revenue requirement. Note there are no rate funded capital or net debt service identified for the GC4 revenue requirement. The total GC4 revenue requirement is then compared to the total GC4 revenues. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates in the initial years will reduce the deficiency of funds in the later years.

As can be seen, the GC4 sewer system is operating at a deficiency. The rate adjustment shown in 2026 is designed to eliminate the GC4’s current revenue deficiency. The detailed revenue requirement analysis for the GC4 sewer system can be found on Exhibit 13 of the Technical Appendix.

10.1.8 Reserve Fund Levels

The financial health and sustainability of the GC4 sewer system includes a review of the level of available operating reserve levels before and after any proposed revenue adjustments. Reserves can have targeted minimum ending balances that, if reached or fall below, financially signals to LACPW that they should review the revenue sources associated with the sewer system and take the appropriate action to maintain or exceed targeted minimum balances.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 10-2 is the projected ending fund balance over the rate setting period for the GC4 sewer system.

Table 10 - 2
Summary of the GC4 Operating Reserve Fund (\$000s)

	2025	2026	2027	2028	2029
Beginning Fund Balance	\$185	\$271	\$333	\$371	\$383
Plus: Total Revenue	908	1,333	1,333	1,334	1,334
Less: Revenue Requirements	822	1,271	1,296	1,322	1,349
Ending Balance	\$271	\$333	\$371	\$383	\$367
Operating Fund Min. Target Balance (50% O&M)	411	423	436	449	462
Operating Fund Target Balance (100% O&M)	\$822	\$846	\$872	\$898	\$925

As can be seen, even with the proposed rate revenue adjustments, minimum target reserves are not being met over the rate setting time period. The proposed rate adjustment in 2026 does help to replenish a portion of the targeted minimum operating fund balance.

10.2 Cost of Service Analysis

The next analytical step of the rate analysis is the cost of service analysis for the GC4 sewer system. A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement to the GC4 sewer system customers on a per sewage unit basis. The previously developed GC4 revenue requirement was utilized in the development of the cost of service analysis for the GC4 sewer system.

10.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is so to allow for the design of rates which properly reflects the costs incurred by the GC4 sewer system.

10.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis for the GC4 sewer system was a determination of billing units for the GC4 sewer system. The sewage billing units for the GC4 sewer system were based on the data and information provided by LACPW. It is important to note that LACPW has identified in County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement for the GC4 sewer system is divided by the total billable sewage units of the GC4 sewer system to determine the average rate per sewage unit. The sewage billing

units used in the cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel to name a few. However, LACPW bills customers on a sewage unit basis. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

10.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. For the cost of service analysis, the total revenue requirement for the GC4 sewer system was divided by the total sewage units of the GC4 sewer system to determine the average unit costs. These average unit costs become the basis for the proposed rates for the GC4 sewer system customers.

Table 10 – 3 provides a summary of the average unit costs which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type and identified in LACPW code.

Table 10 – 3 Summary of the GC4 Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Con Trancas Zone Fund - GC4	\$1,328,984	271.00	\$4,904.00

10.3 Rate Design

The final step of the rate analysis for the GC4 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the GC4 revenue requirement and cost of service analyses. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

10.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The GC4's proposed sewer rates have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. Note, there is not one specific methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based rates.

However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for GC4 meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirement of the GC4 sewer system as identified in this Study.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed sewer rates are used exclusively to operate and maintain the GC4 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a per sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

10.3.2 Overview of the Current and Proposed GC4 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses - the GC4 revenue requirement and cost of service analyses- proposed rates can be developed that reflect the cost on a per sewage unit basis. Provided in Table 10 - 4 is a summary of the present and proposed GC4 sewer rates.

Table 10-4
Summary of the Present and Proposed GC4 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$/ Sewage Unit</i>				
Trancas Zone Fund - GC4	\$3,339.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00
\$ Change in Rates	\$0.00	\$1,565.00	\$0.00	\$0.00	\$0.00

The basis for the proposed rates for the GC4 sewer system are the average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified in the LACPW Code. As can be seen in Table 10-4, the proposed rates for the GC4 sewer system are projected to increase in 2026 to reflect the projection of costs within the revenue requirement, and specific to the GC4 sewer system. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC4 rates to reflect these changes.

10.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the rate for the GC4 sewer system be adjusted in 2026 to reflect the findings and conclusions from the revenue requirement and cost of service analysis completed for the GC4 sewer system. HDR has reached this conclusion for the following reasons:

- A rate revenue adjustment in 2026 is necessary to fund the reimbursement to J14 for capital improvements funded specifically for the GC4 sewer system.
- The revenue adjustments are, in part, a function of the projected annual increases in O&M for the GC4 sewer system, fund capital improvements through a transfer to the J14 fund, and the need to increase revenues to replenish the operating reserves which have fallen below the targeted minimum reserve level.
- The proposed revenue adjustments maintain a financially healthy sewer system and provides long-term sustainable funding levels.

In reaching this conclusion, HDR would recommend that LACPW adopt the proposed 2026 rate revenue adjustment in order to provide sufficient funding for annual O&M over the next five-year period.



11 Malibu Mesa Zone Fund (GC5) Analysis

This section describes the development of the sewer rate analysis for the Malibu Mesa Zone Fund (GC5). This is a geographic zone and the rates associated with GC5 are only assessed to customers within the GC5 sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GC5 sewer system. The objectives and overall approach used to conduct this rate analysis for the GC5 Fund are very similar to the other fund analyses presented above.

11.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GC5 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GC5 sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the GC5 sewer system.

11.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GC5 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GC5 sewer revenue requirement. Similar to the other zones, the focus of the revenue requirement analysis is on the five-year period of 2025 – 2029. The GC5 revenue requirement was developed based upon the 2024 financials and 2025 budget for the GC5 system. To project future costs, cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for the GC5 system.

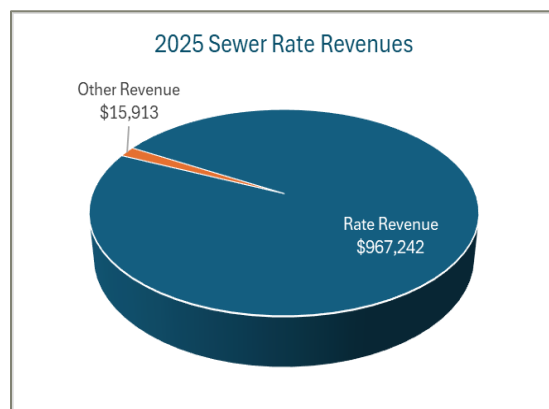
The primary financial inputs in the development of the revenue requirement were the GC5 historical financials, budgeted GC5 expenses, and current GC5 customer billing data and information.

11.1.2 Projecting Rate and Other Miscellaneous Revenues

The next step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GC5 sewer system. The projection of GC5 sewer revenues relied upon the same approach as used for the other funds reviewed. That is, developing a projection of GC5 rate revenues, at present rate levels, based upon the current sewage billing units multiplied by the current (i.e., adopted) sewer rates for the GC5 sewer

system. This approach, along with the billing units and current GC5 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues are derived from rate revenue for the GC5 sewer system. In total, and at currently adopted rate levels, the GC5 sewer system is projected to receive approximately \$967,000 in rate revenue in 2025. Based on discussions with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). The detailed calculation of the revenues at present rates can be found on Exhibit 2 of the Technical Appendices, and the 10-year projection of rate revenues can be found on Exhibit 11 of the Technical Appendices.



In addition to rate revenues, the GC5 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GC5 sewer system is projected to receive miscellaneous revenues of approximately \$15,900 in 2025. This amount of revenue is projected to remain relatively constant over the projected 10-year time period.

In total, the rate revenues and the other revenues from the GC5 sewer system are approximately \$983,000 in 2025. This level of revenue is projected to remain relatively unchanged over the projected ten-year time period. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 14 of the Technical Appendix.

11.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by LACPW to provide sewer collection and treatment services for the benefit of the customers in the GC5 sewer system. The starting point of projecting the O&M expenses was the historical financials and the 2025 budget for the GC5 sewer system. O&M expenses were projected over the projected ten-year time period using cost escalation factors. The cost escalation factors were developed based upon past historical inflationary trends and anticipated increases in costs for the GC5 sewer system. The cost escalation factors for the various types of expenses ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussions with LACPW staff and the projections in the long-term financial plan for the GC5 sewer system.

The total collection and treatment O&M expenses for the GC5 sewer system are budgeted to be approximately \$1.1 million in 2025. Over the five-year projected time period (2025 – 2029), the total O&M expenses are projected to increase to approximately \$1.3 million by 2029. A summary of the O&M expenses is shown as a line item in Table 11 – 1 in subsection 11.1.7. The detailed projection of the GC5 O&M expenses can be found on Exhibit 14 of the Technical Appendix.

11.1.4 Projecting Capital Funding Needs

Capital improvement projects for the Malibu Mesa sewer system are funded through the ACO fund (J14). As a result, the GC5 revenue requirement does not include any capital improvement funding.

11.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC5 revenue requirement. Given that, there are no current or projected debt-related payments during the study time period. In making that statement, HDR is not acting in a municipal advisory role.

11.1.6 Reserve Funding

The final component of the revenue requirement analysis is the reserve funding line item. Similar to the other analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset operating costs to minimize the impact to rates. For the GC5 revenue requirement there is a transfer to J14 as a reimbursement of capital related expenses funded by J14 for recent GC5 sewer system capital expenditures.

11.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the GC5 revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GC5 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities of the GC5 sewer system throughout the Study time period. Presented in Table 11 - 1 is a summary of the revenue requirement analysis. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 14).

Table 11 - 1
Summary of the GC5 Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$967	\$967	\$967	\$967	\$967
Other Revenues	<u>16</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>14</u>
Total Revenues	\$983	\$981	\$979	\$979	\$981
Expenses					
Total O & M	\$1,149	\$1,184	\$1,219	\$1,256	\$1,293
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>175</u>	<u>175</u>	<u>175</u>	<u>175</u>
Total Expenses	\$1,149	\$1,359	\$1,394	\$1,431	\$1,468
Total Bal./(Def.) of Funds	(\$166)	(\$377)	(\$415)	(\$451)	(\$487)
Percent Rate Adjustment	0.0%	20.4%	17.0%	14.5%	0.0%
Proposed Total Revenue After Adj.	\$983	\$1,179	\$1,375	\$1,573	\$1,574

As can be seen, the revenue requirement has summed the O&M specific to the GC5 sewer system. Note there are only O&M expenses and change in working capital. There are no identified costs for rate funded capital or debt service components. The total GC5 revenue requirement is then compared to the total GC5 revenues. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates in the initial years will reduce the deficiency of funds in the later years.

As can be seen, the GC5 sewer system is operating at a deficiency. Rate adjustments are shown for 2026, 2027 and 2028. These rate adjustments are designed to eliminate the projected deficiencies, reimburse the J14 fund for recent capital expenditures specifically for the GC5 sewer system, and strengthen the current GC5 operating reserve levels. The detailed revenue requirement analysis for the GC5 sewer system can be found in Exhibit 14 of the Technical Appendix.

11.1.8 Reserve Fund Levels

The financial health and sustainability of the GC5 sewer system includes a review of the level of available operating reserve before and after any proposed revenue adjustments. Reserves can have targeted minimum ending balances that, if reached or fall below, financially signals to LACPW that they should review the revenue sources associated with the sewer system and take the appropriate action to maintain or exceed targeted minimum balances.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M.

Shown below in Table 11-2 is the projected ending reserve balances over the rate setting period for the GC5 sewer system.

Table 11 - 2
Summary of the GC5 Operating Reserve Fund (\$000s)

	2025	2026	2027	2028	2029
Beginning Fund Balance	\$1,543	\$1,377	\$1,197	\$1,179	\$1,321
Plus: Total Revenue	983	1,179	1,375	1,573	1,574
Less: Revenue Requirements	1,149	1,359	1,394	1,431	1,468
Ending Balance	\$1,377	\$1,197	\$1,179	\$1,321	\$1,427
Oper. Fund Min. Target Balance (50% O&M)	575	592	610	628	647
Oper. Fund Target Balance (100% O&M)	\$1,149	\$1,184	\$1,219	\$1,256	\$1,293

As can be seen, the targeted minimum operating reserve levels for the Malibu Mesa GC5 system are met in each of the projected 5 years.

11.2 Cost of Service Analysis

The next analytical step of the GC5 rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement on a per sewage unit basis for the GC5 sewer system customers. The previously developed GC5 revenue requirement for the GC5 sewer system was utilized in the development of the cost of service analysis for the GC5 sewer system customers.

11.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GC5 Zone Fund.

11.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis was a determination of the billing units for the GC5 sewer system. The sewage billing units were based on the equivalent billing unit data and information as provided by LACPW. It is important to note that LACPW has identified in County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement is divided by the total billable sewage units for the GC5 sewer system to determine the average

rate per sewage unit. The sewage billing units used in the cost of service analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. However, LACPW bills customers on a sewage unit basis. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

11.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. For the GC5 cost of service analysis, the total revenue requirement identified for the GC5 sewer system was divided by the total sewage units billed of the GC5 sewer system to determine the average unit costs. These average unit costs were used in the development of the proposed rates for the GC5 sewer system.

Table 11 – 3 is a summary of the average unit cost, which is based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 11 – 3 Summary of the GC5 Sewage Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Con Malibu Mesa Zone Fund - GC5	\$1,165,042	989.00	\$1,178.00

11.3 Rate Design

The final step of the rate analysis for the GC5 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses completed for the GC5 sewer system. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

11.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GC5 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based and proportional rates. However, Article XIII D is not prescriptive and does not provide a specific

methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for the GC5 sewer system meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed GC5 rates are designed to collect the specific revenue requirement of the GC5 sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed GC5 sewer rates are used exclusively to operate and maintain the GC5 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a per sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

11.3.2 Overview of the Current and Proposed GC5 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW and in a simple and easy to understand manner.

Given the result of the prior analyses - the GC5 revenue requirement and cost of service analyses- proposed rates can be developed for the GC5 sewer system that reflect the cost on a per sewage unit basis. Provided in Table 11 - 4 is a summary of the present and proposed sewer rates for the GC5 sewer system.

Table 11 - 4
Summary of the Present and Proposed GC5 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Malibu Mesa Zone Fund - GC5	\$978.00	\$1,178.00	\$1,378.00	\$1,578.00	\$1,578.00
\$ Change in Rates	\$0.00	\$200.00	\$200.00	\$200.00	\$0.00

The basis for the proposed rates is the GC5 average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 11-4, the proposed rates for GC5 are projected to increase annually in 2026, 2027, and 2028 to reflect the projection of costs specific to the GC5 sewer system. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC5 rates to reflect these changed conditions.

11.4 Consultant's Conclusions

Based on the analyses developed herein, HDR recommends that the rates for the GC5 sewer system be adjusted in 2026, 2027 and 2028 to reflect the findings and conclusions from the Malibu Mesa GC5 revenue requirement and cost of service analyses. HDR has reached this conclusion for the following reasons:

- Revenue adjustments are necessary, in part, to fund the reimbursement to J14 for capital improvements specific to the GC5 sewer system.
- The revenue adjustments are also a function of the projected O&M cost escalation over the projected time period.
- The proposed revenue adjustments are designed and intended to maintain the financial health and provide long-term sustainable funding levels for the GC5 sewer system.

In reaching this conclusion, HDR would recommend that LACPW adopt the proposed rate revenue adjustments to provide adequate funding for the GC5 sewer system over the five-year period of 2025 – 2029.



12 Marina Zone Fund (GC6) Analysis

This section describes the development of the sewer rate analysis for the Marina Zone Fund (GC6). This is a geographic zone and the rates associated with Marina Zone Fund GC6 are only assessed to customers within GC6 sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GC6 sewer system. The objectives and overall approach used to conduct this rate analysis for the GC6 Fund are very similar to the other fund analyses presented above.

12.1 Determining the Revenue Requirement

The first step in calculating the revenue requirement for the GC6 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GC6 sewer revenue requirement. Similar to the other zones, the focus of the revenue requirement analysis is on the five-year period of 2025 – 2029. The revenue requirement was developed based on the 2024 financials and 2025 budget for the GC6 sewer system. To project future costs, cost escalation factors were developed and utilized similar to the other system analyses.

12.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GC6 sewer system was to establish a time frame for the revenue requirement analysis. A ten-year period was developed to review the sewer revenue requirement over a long-term period. While the analysis was developed for a 10-year period, the focus of the Study for establishing proposed rates is on the next five-year period (2025 – 2029). Reviewing a multi-year time period is recommended to identify major expenses that may be on the horizon. By anticipating future financial requirements, LACPW can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. Note that historical inflation for the past four years has been higher than average, with that being considered, we are assuming inflation will return to typical annual averages. However, the O&M costs have increased since LACPW's last rate study and have not been incorporated in prior rate projections.

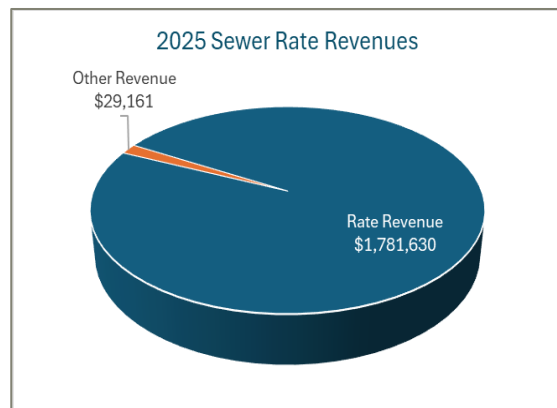
The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other system analyses, a “cash basis” approach was used to establish the revenue requirement for the GC6 sewer system. The primary financial inputs in the development of the revenue requirement were the historical financials, budgeted expenses, and current customer billing data and information for the GC6 sewer system.

12.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GC6 sewer system. The projection of GC6 sewer revenues relied upon the same approach as used for the other funds reviewed. That is,

developing a projection of GC6 rate revenues, at present rate levels, based on the current sewage billing units multiplied by the current (i.e., adopted) sewer rates for the GC6 sewer system. This approach, along with the billing units and current GC6 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues for the GC6 sewer system are derived from rate revenue. In total, and at currently adopted rate levels, the GC6 sewer system is projected to receive approximately \$1.8 million in rate revenue in 2025. Based on discussions with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). The detailed calculation of the revenues at present rates can be found on Exhibit 2 of the Technical Appendix, and the ten-year projection of rate revenues can be found on Exhibit 15 of Technical Appendix.



In addition to rate revenues, the GC6 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GC6 sewer system is projected to receive miscellaneous revenues of approximately \$29,100 in 2025. This amount of miscellaneous revenue slightly increases over the five-year time period (2025 – 2029).

In total, the rate revenues and the other revenues from the GC6 sewer system are approximately \$1.8 million in 2025. This level of revenue is projected to remain relatively constant over the ten-year time period. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 15 of the Technical Appendix.

12.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by LACPW to provide sewer collection and treatment services for the benefit of the customers in the GC6 Marina Zone. The starting point of projecting the O&M expenses for the GC sewer system were the historical financials and the 2025 budget for the GC6 sewer system. O&M expenses were projected over the projected ten-year time period using cost escalation factors. The cost escalation factors were developed based upon past historical inflationary trends and anticipated increases in costs for the GC6 sewer system. The cost escalation factors for the various types of expenses ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussions with LACPW staff and the projections in the long-term financial plan for the GC6 sewer system.

The total collection and treatment O&M expenses for the GC6 sewer system are budgeted to be approximately \$2.4 million in 2025. Over the five-year projected time period (2025 – 2029), the total O&M expenses are projected to increase to approximately \$3.0 million by 2029. A summary

of the O&M expenses is shown as a line item in Table 12 – 1 in subsection 12.1.7. The detailed projection of the GC6 O&M expenses can be found on Exhibit 15 of the Technical Appendix.

12.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GC6 sewer system are funded through the ACO fund (J14). As a result, the GC6 revenue requirement does not include any capital improvement funding.

12.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC6 revenue requirement. Given that, there are no current or projected debt-related payments during the study time period. In making that statement, HDR is not acting in a municipal advisory role.

12.1.6 Reserve Funding

The final component of the revenue requirement analysis is the reserve funding line item. Similar to the other analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset operating costs to minimize the impact to rates. For the GC6 sewer system there is a transfer to reserves annually to fund capital improvement projects for the GC6 sewer system in FY 2025 through FY 2031.

12.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the GC6 revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GC6 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities of the GC6 sewer system throughout the Study time period. Presented in Table 12 - 1 is a summary of the revenue requirement analysis. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibits 15).

Table 12 - 1
Summary of the GC6 Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$1,782	\$1,782	\$1,782	\$1,782	\$1,782
Other Revenues	<u>29</u>	<u>24</u>	<u>25</u>	<u>32</u>	<u>46</u>
Total Revenues	\$1,811	\$1,805	\$1,806	\$1,814	\$1,828
Expenses					
Total O & M	\$2,368	\$2,503	\$2,644	\$2,795	\$2,953
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$3,018	\$3,153	\$3,294	\$3,445	\$3,603
Total Bal./(Def.) of Funds	(\$1,208)	(\$1,347)	(\$1,488)	(\$1,631)	(\$1,776)
Percent Rate Adjustment	0.0%	44.7%	30.9%	23.6%	0.0%
Proposed Total Rev. After Adjustment	\$1,811	\$2,602	\$3,400	\$4,205	\$4,219

As can be seen, the GC6 revenue requirement has summed the O&M specific to the GC6 sewer system. Note there are only O&M expenses and change in working capital. There are no identified costs for rate funded capital or debt service components. The total GC6 revenue requirement is then compared to the total GC6 revenues. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates in the initial years will reduce the deficiency of funds in the later years.

As can be seen, the GC6 sewer system is operating at a deficiency. Rate adjustments are shown for 2026, 2027 and 2028. These rate adjustments are designed to eliminate the projected deficiencies and strengthen the current GC6 operating reserve levels and fund capital improvements specific to the GC6 sewer system. The detailed revenue requirement analysis for the GC6 sewer system can be found on Exhibit 15 of the Technical Appendix.

12.1.8 Reserve Fund Levels

The financial health and sustainability of the GC6 sewer system includes a review of the level of available operating reserve before and after any proposed revenue adjustments. Reserves can have targeted minimum ending balances that, if reached or fall below, financially signals to LACPW that they should review the revenue sources associated with the sewer system and take the appropriate action to maintain or exceed targeted minimum balances.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 12-2 below is the projected ending reserve balances over the rate setting period for the GC6 sewer system.

Table 12 - 2
Summary of the GC6 Operating Reserve Fund (\$000s)

	2025	2026	2027	2028	2029
Beginning Fund Balance	\$2,916	\$2,358	\$2,458	\$3,214	\$4,625
Plus: Total Revenue	2,461	3,252	4,050	4,855	4,869
Less: Revenue Requirements	3,018	3,153	3,294	3,445	3,603
Ending Balance	\$2,358	\$2,458	\$3,214	\$4,625	\$5,890
Oper. Fund Min. Target Balance (50% O&M)	1,184	1,251	1,322	1,397	1,477
Oper. Fund Target Balance (100% O&M)	\$2,368	\$2,503	\$2,644	\$2,795	\$2,953

As can be seen, the targeted minimum reserve levels are met in each of the projected five years. As noted, this particular reserve is accumulating reserves to fund future capital improvements.

12.2 Cost of Service Analysis

The next analytical step of the GC6 rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportional distribution of total revenue requirement to the GC6 sewer system customers on a per sewage unit basis. The previously developed revenue requirement for GC6 was utilized in the development of cost of service analysis for the GC6 sewer system customers.

12.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GC6 Zone Fund.

12.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis for the GC6 sewer system was a determination of sewage billing units. The sewage billing units were based on the equivalent billing unit data and information as provided by LACPW. It is important to note that LACPW has identified in County Code the sewage units by customer type specifically for the GC6 sewer system. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement for the GC6 sewer system is divided by the total billable sewage units of the GC6 sewer system to determine the average rate per sewage unit. The sewage billing units used in the cost of service analysis are based on LACPW's equivalent

billing unit code provided in Exhibit 20 of the Technical Appendix. As noted, this is a specific schedule of sewage billing units for the Marina Fund and the GC6 sewer system customers.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. However, LACPW bills customers on a sewage unit basis. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

12.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified for the GC6 sewer system given LACPW's sewage unit by customer type as outlined in County Code. For GC6's cost of service analysis, the total revenue requirement for the GC6 sewer system was divided by the total sewage units billed for the GC6 sewer system to determine the average unit costs. The average unit cost was used in the development of the proposed rates for the GC6 sewer system.

Table 12 – 3 is a summary of the average unit cost, which is based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 12 – 3 Summary of the GC6 Sewage Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Marina Fund - GC6	\$2,578,675	9,377.00	\$275.00

12.3 Rate Design

The final step of the rate analysis for the GC6 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses developed for the GC6 sewer system. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

12.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GC6 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based and proportional rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for the GC6 sewer system meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the specific revenue requirement of the GC6 sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed rates are used exclusively to operate and maintain the GC6 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

12.3.2 Overview of the Current and Proposed GC6 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW and in a simple and easy to understand manner.

Given the result of the prior analyses, - the GC6 sewer system revenue requirement and cost of service analyses- proposed rates can be developed for the GC6 sewer system that reflect the system's specific cost on a per sewage unit basis. Provided in Table 12 - 4 is a summary of the present and proposed sewer rates for the GC6 sewer system.

Table 12 - 4
Summary of the Present and Proposed GC6 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Marina Zone Fund - GC6	\$190.00	\$275.00	\$360.00	\$445.00	\$445.00
\$ Change in Rates	\$0.00	\$85.00	\$85.00	\$85.00	\$0.00

The basis for the proposed rates is the GC6 average unit costs developed in the cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 12-4, the proposed rates for GC6 are projected to increase in 2026, 2027, and 2028 to reflect the projection of costs specific to the GC6 sewer system. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC6 rates to reflect these changed conditions.

12.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the rates for the Marina Zone Fund GC6 be adjusted in 2026, 2028 and 2028 to reflect the findings and conclusions from the Marina GC6 revenue requirement and cost of service analyses. HDR has reached this conclusion for the following reasons:

- Rate revenue adjustments are necessary, in part, to fund reserves for future capital improvements specific to the GC6 sewer system.
- The rate adjustments are also a function of the projected O&M cost escalation over the projected time period
- The proposed revenue adjustments are designed and intended to maintain the financial health and provide long-term sustainable funding levels for the GC6 sewer system.

In reaching this conclusion, HDR would recommend that LACPW adopt the proposed rate/revenue adjustments to provide adequate funding for the Marina GC6 system over the five-year period of 2025 – 2029.



13 Lake Hughes Zone Fund (GC9) Analysis

This section describes the development of the sewer rate analysis for the Lake Hughes Zone Fund (GC9). This is a geographic zone and the rates associated with Lake Hughes Zone Fund are only assessed to customers within the GC9 sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GC9 sewer system. The objectives and overall approach used to conduct this rate analysis for the GC9 sewer system are very similar to the other fund analyses presented.

13.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GC9 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GC9 sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the GC9 sewer system.

13.1.1 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the GC9 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other analyses, a ten-year period was developed to review the GC9 sewer revenue requirement. Similar to the other zones, the focus of the revenue requirement analysis for the GC9 sewer system is on the five-year period of 2025 – 2029. The GC9 revenue requirement was developed based on the 2024 financials and 2025 budget for the GC9 sewer system. To project future costs, cost escalation factors were developed and utilized.

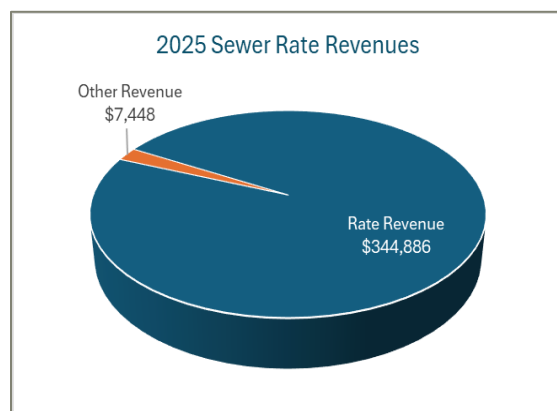
The second step in determining the revenue requirement was to determine the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for the GC9 sewer system. The primary financial inputs in the development of the revenue requirement were the historical financials, budgeted O&M expenses, and current customer billing data and information for the GC9 sewer system.

13.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GC9 sewer system. The projection of sewer revenues relied upon the same approach as used for the other funds reviewed. That is, developing a projection of rate revenues for the GC9 sewer system, at present rate levels, based on the current GC9 sewage billing units multiplied by the current (i.e., adopted) GC9 sewer rates. This approach,

along with the billing units and current GC5 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues are derived from rate revenue for the GC9 sewer system. In total, and at currently adopted rate levels, the GC9 sewer system is projected to receive approximately \$345,000 in rate revenue in 2025. Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). The detailed calculation of the revenues at present rates can be found on Exhibit 2 of the Technical Appendices, and the ten-year projection of rate revenues can be found on Exhibit 16 of the Technical Appendices.



In addition to rate revenues, GC9 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, the GC9 sewer system is projected to receive miscellaneous revenues of approximately \$7,400 in 2025. This amount of revenue is projected to increase slightly over the projected ten-year time period.

In total, the rate revenues and the other revenues from the GC9 sewer system are approximately \$352,000 in 2025. This level of revenue is projected to remain relatively unchanged over the projected ten-year time period. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 16 of the Technical Appendix.

13.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by LACPW to provide sewer collection and treatment services for the benefit of the customers in the GC9 sewer system. The starting point of projecting the O&M expenses was the historical financials and the 2025 budget for the GC9 sewer system. O&M expenses were projected over the projected ten-year time period using cost escalation factors. The cost escalation factors were developed based on past historical inflationary trends and anticipated increases in costs for the GC9 system. The cost escalation factors for the various types of expenses ranged from 3.0% to 6.0% annually. These escalation factors were developed in discussions with LACPW staff and the projections in the long-term financial plan for the GC9 sewer system.

The total collection and treatment O&M expenses for the GC9 sewer system are budgeted to be approximately \$281,000 in 2025. Over the five-year projected time period (2025 – 2029), the total O&M expenses are projected to increase to approximately \$317,000 by 2029. A summary of the O&M expenses is shown as a line item in Table 13 – 1 in section 13.1.8. The detailed projection of the GC9 O&M expenses can be found on Exhibit 16 of the Technical Appendix.

13.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GC9 sewer system are funded through the ACO fund (J14). As a result, the revenue requirement for the GC9 sewer system does not include capital improvement funding.

13.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GC9 revenue requirement. Given that, there are no current or projected debt-related payments during the study time period. In making that statement, HDR is not acting in a municipal advisory role.

13.1.6 Reserve Funding

The final component of the revenue requirement analysis is the reserve funding line item. Similar to the other analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves may be used to offset operating costs to minimize the impact to rates. For this Study time period, no transfers to, or from, reserves have been identified.

13.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the revenue requirement analysis for the GC9 sewer system can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the GC9 sewer system. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate revenues to support the operational activities of the GC9 sewer system throughout the rate setting time period. Presented in Table 13 - 1 is a summary of the GC9 revenue requirement analysis. Note, LACPW previously adopted an annual inflationary adjustment for GC9 through 2027. This is shown in Table 5-1 as a 2.0% rate adjustment. Based on the results of the revenue requirement analysis, no rate adjustments are proposed in 2028 or 2029. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 16).

Table 13 - 1
Summary of the GC9 Revenue Requirement Analysis (\$000s)

	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$345	\$345	\$345	\$345	\$345
Other Revenues	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>10</u>
Total Revenues	\$352	\$353	\$354	\$354	\$355
Expenses					
Total O & M	\$282	\$290	\$299	\$308	\$317
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$282	\$290	\$299	\$308	\$317
Total Bal./(Def.) of Funds	\$71	\$63	\$55	\$47	\$38
Percent Rate Adjustment	0.0%	2.0%	2.0%	0.0%	0.0%
Proposed Total Rev. After Adjustment	\$352	\$360	\$368	\$368	\$369

As can be seen, the revenue requirement has summed the O&M specific to the GC9 sewer system. Note there is no funding of rate funded capital, net debt service, or operating reserve cost components for the GC9 sewer system. The total GC9 revenue requirement is then compared to the total GC9 revenues. From this comparison, a balance or deficiency of funds in each year can be determined. Similar to the other revenue requirement analyses, the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments to rates in the initial years will reduce the deficiency of funds in the later years.

As can be seen, the GC9 sewer system is projected to operate at a slight balance of funds. This balance of funds is predicated upon the previously approved 2.0% rate adjustments in 2026 and 2027. The detailed revenue requirement analysis for Lake Hughes GC9 can be found on Exhibit 16 of the Technical Appendix.

13.1.8 Reserve Fund Levels

The financial health and sustainability of the GC9 sewer system includes a review of the level of available operating reserve before and after any proposed revenue adjustments. Reserves can have targeted minimum ending balances that, if reached or falls below, financially signals to LACPW that they should review the revenue sources associated with the sewer system and take the appropriate action to maintain or exceed targeted minimum balances.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 13-2 is the projected ending reserve balances over the rate setting period for the GC9 sewer system.

Table 13 – 2
Summary of the GC9 Operating Reserve Fund (\$000s)

	2025	2026	2027	2028	2029
Beginning Fund Balance	\$25	\$96	\$166	\$234	\$295
Plus: Total Revenue	352	360	368	368	369
Less: Revenue Requirements	282	290	299	308	317
Ending Balance	\$96	\$166	\$234	\$295	\$347
Oper. Fund Min. Target Balance (50% O&M)	141	145	149	154	159
Oper. Fund Target Balance (100% O&M)	\$282	\$290	\$299	\$308	\$317

With the adopted, and proposed, rate revenue adjustments, reserves will be above minimum levels during the Study time period.

13.2 Cost of Service Analysis

The next analytical step of the rate analysis for the GC9 sewer system is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of GC9's total revenue requirement on a per sewage unit basis. The previously developed revenue requirement for the GC9 sewer system was utilized in the development of cost of service analysis for the GC9 sewer system.

13.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GC9 sewer system customers.

13.2.2 Determining the Sewage Billing Units

The first step in developing the cost of service analysis was a determination of the sewage billing units for the GC9 sewer system. The sewage billing units for the GC9 sewer system were developed and provided by LACPW for use within the cost of service analysis. It is important to note that LACPW has identified in County Code the sewage units by customer type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement is divided by total billable sewage units of the GC9 sewer system to determine the average rate per sewage unit. The sewage billing units used in the cost of service

analysis are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. However, LACPW bills customers on a sewage unit basis. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

13.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis for the GC9 sewer system is simplified given LACPW's sewage unit by customer type as outlined in the County Code. The cost of service analysis results in a cost per sewage unit which are then used in the development of the proposed rates for the test period. The total costs, specific to the GC9 system, are divided by the total sewage units, in the GC9 sewer system, to develop average unit costs which become the proposed rates.

Table 13 – 3 is a summary of the average unit cost, which is based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 13 – 3 Summary of the GC9 Sewage Average Unit Costs			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Lake Hughes Zone Fund - GC9	\$351,784	282.00	\$1,247.46

13.3 Rate Design

The final step of the rate analysis for the GC9 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of revenue requirement and cost of service analyses developed for the GC9 sewer system. In reviewing the proposed rates, consideration is given to the level of the rates and the structure of the rates.

13.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GC9 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF MOP #27) provides various methodologies which may be used to establish cost-based and proportional rates. However, Article XIII D is not prescriptive and does not provide a specific

methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates for the GC9 sewer system meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the specific revenue requirement of the GC9 sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed sewer rates are used exclusively to operate and maintain the GC9 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a per sewage unit basis.

13.3.2 Overview of the Current and Proposed GC9 Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW and in a simple and easy to understand manner.

Given the result of the prior analyses - the GC9 revenue requirement and cost of service analyses- proposed rates can be developed for the GC9 sewer system that reflect the system's cost on a per sewage unit basis. Provided in Table 13 - 4 is a summary of the present and proposed sewer rates for the GC9 sewer system.

Table 13 - 4
Summary of the Present and Proposed GC9 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
<i>\$ / Sewage Unit</i>					
Lake Hughes Zone Fund - GC9	\$1,223.00	\$1,247.46	\$1,272.41	\$1,272.41	\$1,272.41
\$ Change in Rates	\$0.00	\$24.46	\$24.95	\$0.00	\$0.00

The basis for the proposed rates is the average unit costs developed in the GC9 cost of service analysis. The sewage unit is then applied to each customer type based on the equivalencies as identified by the LACPW. As can be seen in Table 13-4, the proposed adjustments in 2026 and 2027 are the adopted inflationary increases previously adopted by the LACPW for the GC9 sewer system. There are no proposed adjustments in 2028 and 2029 are based upon the findings and conclusions of the GC9 revenue requirement analysis. Should the costs or assumptions change, the LACPW will need to make the necessary adjustments to the GC9 rates to reflect these changed conditions.

13.4 Consultant's Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the rates for the GC9 sewer system be adjusted by the previously adopted 2.0% adjustments in 2026 and 2027. No adjustment to rates appears to be needed in 2028 or 2029. HDR has reached these conclusions based on the following reasons:

- LACPW has an adopted inflationary increase in place for 2026 and 2027 which appear appropriate and sufficient to adequately fund the sewer system O&M costs.
- The current level of revenues, plus available reserves, provides sufficient financial resources/funding for the specific O&M for the GC9 sewer system during the projected 2025 – 2029 time period.
- The proposed rate adjustments in 2025 and 2026 maintain the financial health and provide long-term sustainable funding levels for the GC9 sewer system.

In reaching this conclusion, HDR would recommend that LACPW implement the 2025 and 2026 rate adjustments to provide adequate funding for the GC9 sewer system over the next five-year period.



14 Brassie Lane Zone Fund (GD2) Analysis

This section describes the development of the sewer rate analysis for the Brassie Lane Zone Fund (GD2). This is a geographic zone and the rates associated with Brassie Lane Zone Fund GD2 are only assessed to customers within this sewer system. Provided within this section of the report is the summary of the technical rate analysis undertaken for the GD2 sewer system. The objectives and overall approach used to conduct this rate analysis for the GD2 Fund are very similar to the other fund analyses presented above.

14.1 Determining the Revenue Requirement

The revenue requirement analysis is the first analytical step in the rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for the GD2 sewer system. The revenue requirement analysis, as developed herein, assumes the funding needed to operate and maintain the GD2 sewer system on a financially sound and prudent basis. The following subsections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for GD2 sewer system.

14.1.1 Establishing a Time Frame and Approach

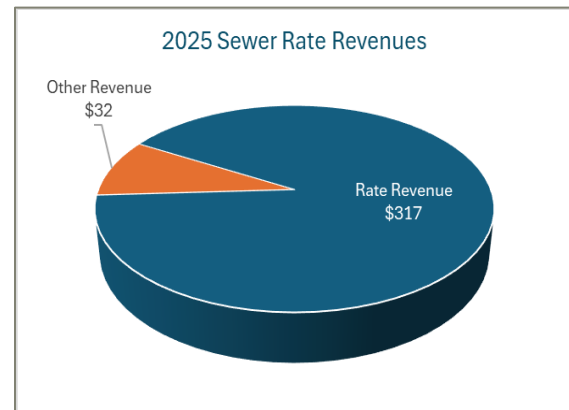
The first step in calculating the revenue requirement for the GD2 sewer system was to establish a time frame for the revenue requirement analysis. Similar to the analyses developed for the other funding zones, a ten-year period was developed to review the GD2 revenue requirement. Similar to the other zones, the focus of the revenue requirement analysis is on the five-year period of 2025 – 2029. The GD2 revenue requirement was developed based on the 2024 financials and 2025 budget for the GD2 sewer system. To project future costs, cost escalation factors were developed and utilized.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. Similar to the other systems, a “cash basis” approach was used to establish the revenue requirement for GD2 sewer system. The primary financial inputs in the development of the revenue requirement were the historical financials, budgeted expenses and current customer billing data and information for the GD2 sewer system.

14.1.2 Projecting Rate and Other Miscellaneous Revenues

The first step in the development of the revenue requirement analysis is to develop a projection of the revenues currently received for the GD2 sewer system. The projection of revenues relied on the same approach as used for the other funds reviewed. That is, developing a projection of rate revenues, at present rate levels, based upon the current GD2 sewage billing units multiplied by the current (i.e., adopted) GD2 sewer rates. This approach, along with the billing units and current GD2 rate, can be seen on Exhibit 2 of the Technical Appendices.

The majority of the revenues for the GD2 sewer system are derived from rate revenue. In total, and at currently adopted rate levels, the GD2 sewer system is projected to receive approximately \$317 in rate revenue in 2025. Based on discussion with LACPW, the Study has assumed no customer growth (i.e., 0.0%/year). As a result, rate revenues, at current rate levels, are projected to remain constant over the Study period. The detailed calculation of the GD2 revenues at present rates is included in Exhibit 2 of the Technical Appendix.



In addition to rate revenues, the GD2 sewer system also receives other non-operating revenues. These are miscellaneous revenues related to penalties, interest income, other misc. revenue, etc. In total, GD2 is projected to receive approximately \$32 in miscellaneous revenues in 2025.

In total, the rate revenues and other miscellaneous revenues from the GD2 sewer system are approximately \$349 in 2025 and remaining essentially flat over the projected time period. The assumptions used for projecting growth and increases in other revenues can be found in Exhibit 1 of the Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 17 of the Technical Appendix.

14.1.3 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are the first cost component of the “cash basis” revenue requirement. For the GD2 sewer system, there is a very limited amount of O&M expenses. Similar to the Aneta and Topanga Zone Funds, there are only two O&M related costs incurred by the GD2 system, of which “Contract Payments” is the largest. This specific cost was held constant over the projected 10-year time period in discussion with LACPW. The total O&M expenses for the GD2 sewer system are budgeted to be \$255 per year for the 2025 – 2029 time period. A summary of the O&M expenses is shown as a line item in Table 14 – 1 in section 14.1.7. The detailed analysis of the current and projected O&M expenses for the Brassie Lane Fund can be found on Exhibit 17 of the Technical Appendix.

14.1.4 Projecting Capital Funding Needs

Capital improvement projects for the GD2 sewer system are funded through the ACO fund (J14). As a result, the GD2 revenue requirement does not include any capital improvement funding.

14.1.5 Projection of Debt Service

As noted above, there is no capital improvement funding included in the GD2 revenue requirement. Given that, there are no current or projected debt related payments during the study time period. In making the above statement, HDR is not acting in a municipal advisory role.

14.1.6 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. Similar to the other revenue requirement analyses, reserve funding can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. Additionally, any balance of funds after the expenses are paid is transferred to the operating fund to maintain minimum fund balances. In some cases, reserves will be used to offset annual O&M expenses to minimize, or delay, rate adjustments. For the GD2 sewer system, no transfers to, or from the GD2 operating reserves have been identified.

14.1.7 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the GD2 revenue requirement analysis can be developed. In developing the GD2 revenue requirement analysis, consideration was given to the financial planning considerations of the GD2 sewer system. Presented in Table 14 - 1 is a summary of the sewer revenue requirement for the GD2 sewer system. A detailed exhibit of this analysis can be found in the Technical Appendix (Exhibit 17).

Table 14 - 1 Summary of the GD2 Revenue Requirement Analysis (\$000s)					
	2025	2026	2027	2028	2029
Revenues					
Rate Revenues	\$1	\$1	\$1	\$1	\$1
Other Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$1	\$1	\$1	\$1	\$1
Expenses					
Total O & M	\$1	\$1	\$1	\$1	\$1
Net Debt Service	0	0	0	0	0
Rate Funded Capital	0	0	0	0	0
Change in Working Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$1	\$1	\$1	\$1	\$1
Total Bal./ (Def.) of Funds	\$0	\$0	\$0	\$0	\$0
Percent Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed Total Rev. After Adjustment	\$1	\$1	\$1	\$1	\$1

As can be seen in Table 14-1, the GD2 sewer system revenues and expenses are minimal in terms of its size and financial obligations. As a result, no rate adjustments have been proposed for the GD2 system. Future operating deficiencies can be covered by the GD2 operating reserve. The detailed revenue requirement analysis can be found on Exhibit 17 of the Technical Appendices.

14.1.8 Reserve Fund Levels

A key component of determining the financial health and sustainability of the GD2 sewer system is to review the level of available reserves. A reserve fund can have a minimum ending balance that, if reached or falls below, is a signal that LACPW should review the revenue sources and adjust rate revenues as necessary.

- Operating Reserves – The target minimum ending balance is set to 50% of annual O&M expenses. The target maximum ending balance is set to 100% of annual O&M expenses.

Shown below in Table 14-2 is the ending fund balance over the rate setting period for the GD@ sewer system.

Table 14 - 2 Summary of the GD2 Operating Reserve Fund (\$000s)					
	2025	2026	2027	2028	2029
Beginning Fund Balance	\$3	\$3	\$3	\$4	\$4
Plus: Total Revenue	1	1	1	1	1
Less: Revenue Requirements	1	1	1	1	1
Ending Balance	\$3	\$3	\$4	\$4	\$4
Oper. Fund Min. Target Balance (50% O&M)	1	1	1	1	1
Oper. Fund Target Balance (100% O&M)	\$1	\$1	\$1	\$1	\$1

As can be seen in the table above, the GD2 system has adequate operating reserves over the projected five-year period of 2025 – 2029.

14.2 Cost of Service Analysis

The next analytical step of GD2's rate analysis is the cost of service analysis. A cost of service analysis is concerned with the proportionate distribution of the total revenue requirement for the GD2 sewer system on a per sewage unit basis for the GD2 sewer system customers. The previously developed revenue requirement for GD2 was utilized in the development of the cost of service analysis for the GD2 sewer system customers.

14.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Distribute the revenue requirement proportionally on a per sewage unit basis.
- Derive average unit costs for subsequent rate designs.

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the sewer system's overall revenue needs, while the cost of service analysis determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to allow for the design of rates which properly reflects the costs incurred by the GD2 sewer system.

14.2.2 Determining the Sewage Billing Units

The first step in developing cost of service analysis was a determination of sewage billing units. HDR was provided the sewage billing units by LACPW for the GD2 sewer system. It is important to note that LACPW has previously identified in the County Code the sewage units by customer

type. For this study, these sewage units have been maintained. This further simplifies the cost of service analysis as the total revenue requirement for the GD2 sewer system is divided by the total billable sewage units of GD2 to determine the average rate per sewage unit. The sewage units used in the cost of service analysis for the GD2 sewer system are based on LACPW's equivalent billing unit code provided in Exhibit 19 of the Technical Appendix.

It is important to note that the Commercial customer class has a number of subclasses such as restaurant, theater, or hotel just to name a few. The different commercial subclasses are charged a proportional sewage unit based on industry standard flow ratios. The proposed rate schedule will provide the rate for each specific customer (rate schedule) based on the rate for one sewage unit.

14.2.3 Summary of the Sewer Cost of Service Analysis

As noted, the cost of service analysis is simplified given LACPW's sewage unit by customer type as outlined in County Code. As previously discussed, the total revenue requirement for GD2 is divided by the total sewage units billed for GD2 to determine the average unit costs. The average unit costs for a sewage unit are used to develop the proposed rates.

Provided in Table 14 – 3 is a summary of the average unit costs, which are based on the proposed rate structure on a per sewage unit basis. That is, one sewage unit is considered to be the starting point for the establishment of the proposed rates. For residential customers, one sewage unit is generally charged for each living unit. For the Commercial customers, the rates are developed as a proportion of a sewage unit based on industry standard ratios for each customer type.

Table 14 – 3 Summary of the GD2 Average Unit Cost			
District	2026 Total Costs	Total Sewage Units	Annual Cost Per Sewage Unit
SMD Brassie Lane Zone Fund - GD2	\$317	20.00	\$15.86

14.3 Rate Design

The final step of the rate analysis for the GD2 sewer system is the design of rates to collect the targeted levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing the proposed rates for the GD2 sewer system, consideration is given to the level of the rates and the structure of the rates.

14.3.1 Development of Cost-Based Sewer Rates

Developing proportional rates is of paramount importance in developing proposed sewer rates. The proposed sewer rates for the GD2 sewer system have been developed to meet the requirements of California Constitution Article XIII D, Section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionately distributed on a per sewage unit basis. There is no single methodology for proportionally assigning costs. The Water Environment Federation Manual of Practice #27 (WEF

MOP #27) provides various methodologies which may be used to establish cost-based rates. However, Article XIII D is not prescriptive and does not provide a specific methodology for establishing sewer rates. Given that, HDR developed the proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirement developed for the GD2 sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the proposed rates are used exclusively to operate and maintain the GD2 sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs. The proposed rates are based on a per sewage unit approach that reflects the varying characteristics and system requirements (i.e., the benefits they receive from and burdens they place on the system). The use of a sewage unit creates the proportionality expected under Proposition 218 by having differing rates which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and proportionally assigned on a sewage unit basis.

14.3.2 Overview of the Current and Proposed Sewer Rates

LACPW charges a flat fixed charge per sewage unit by customer type as outlined in County Code 20.40 and shown in Exhibit 19 of the Technical Appendix. The flat rate provides revenue stability for LACPW in a simple and easy to understand manner.

Given the result of the prior analyses completed for the GD2 sewer system - the revenue requirement and cost of service analyses- proposed rates can be developed that reflect the cost per sewage unit. Provided in Table 14 - 4 is a summary of the present and proposed sewer rates.

Table 14 - 4
Summary of the Present and Proposed GD2 Sewer Rates
(\$/Sewage Unit/Year)

	Present Rates	2026	2027	2028	2029
	<i>\$ / Sewage Unit</i>				
Brassie Lane Zone Fund - GD2	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86
\$ Change in Rates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

As can be seen in Table 14-4, the proposed rates for GD2 are projected to remain at current rate levels through 2029 with no proposed adjustments recommended. Should the GD2 sewer system costs or assumptions change, the LACPW will need to make the necessary adjustments to the GD2 rates to reflect these changed conditions.

14.4 Consultant's Conclusions

Based on the rate analyses developed herein, HDR recommends that LACPW maintain their current sewer rates through the 2025 – 2029 rate period. HDR has reached this conclusion for the following reasons:

- The current level of revenues, plus available reserves, provides sufficient funding for the specific O&M expenses of the GD2 sewer system.

In reaching this conclusion, HDR would recommend that LACPW maintain the current rate levels for the GD2 sewer system over the next five-year period.



Technical Appendix



ESCALATION FACTORS	Actuals	Actuals	Budget	Projected									Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Revenues:													
Sewer Maint Dist Consolidated ACO - J14	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Sewer Maint Dist Consolidated - GA9	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Con Aneta Zone Fund - GB1	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Fox Park Zone Fund - GB4	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Malibu Zone Fund - GB8	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Summit Road Zone - GC2	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Con Topanga Zone Fund - GC3	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Con Trancas Zone Fund - GC4	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Con Malibu Mesa Zone Fund - GC5	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Marina Fund - GC6	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Lake Hughes Zone Fund - GC9	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SMD Brassie Lane Zone Fund - GD2	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other Revenue	Actuals	Actuals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Expenses:													
Labor	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Benefits	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Repairs & Maintenance	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Materials & Supplies	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Equipment	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Miscellaneous	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Utilities	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Professional Services	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Aneta - Professional Services	Actuals	Actuals	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Marina - Professional Services	Actuals	Actuals	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Insurance	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Sludge Disposal Fees	Actuals	Actuals	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Investment Interest	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
External Financing Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Bond Terms	20	20	20	20	20	20	20	20	20	20	20	20	
Internal Financing Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Loan Terms	40	40	40	40	40	40	40	40	40	40	40	40	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 2 - Revenue at Present Rates

Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	Sewer Maint Dist Consolidated ACO - J14												
	Charge Per Sewer Unit	\$9.00	\$9.00										
	Sewage Units	782,595	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790
Sewer Maint Dist Consolidated ACO - J14	Total Inside Residential Revenues	\$7,043,351	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	Sewer Maint Dist Consolidated - GA9												
	Charge Per Sewer Unit	\$41.50	\$41.50										
	Sewage Units	782,595	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790	783,790
Sewer Maint Dist Consolidated - GA9	Total Inside Residential Revenues	\$32,477,672	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	SMD Con Aneta Zone Fund - GB1												
	Charge Per Sewer Unit	\$202.00	\$210.00										
	Sewage Units	328	328	328	328	328	328	328	328	328	328	328	328
SMD Con Aneta Zone Fund - GB1	Total Inside Residential Revenues	\$66,256	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	SMD Fox Park Zone Fund - GB4												
	Charge Per Individual Parcel	\$22.10	\$22.10										
	Parcels	61	61	61	61	61	61	61	61	61	61	61	61
SMD Fox Park Zone Fund - GB4	Total Inside Residential Revenues	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	SMD Malibu Zone Fund - GB8												
	Charge Per Individual Parcel	\$2,258.00	\$2,258.00										
	Parcels	191	191	191	191	191	191	191	191	191	191	191	191
SMD Malibu Zone Fund - GB8	Total Inside Residential Revenues	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	SMD Summit Road Zone - GC2												
	Charge Per Sewer Unit	\$15.26	\$15.26										
	Sewage Units	63	63	63	63	63	63	63	63	63	63	63	63
SMD Summit Road Zone - GC2	Total Inside Residential Revenues	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961
Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
	SMD Con Topanga Zone Fund - GC3												
	Charge Per Individual Parcel	\$650.00	\$650.00										
	Sewage Units	355	355	355	355	355	355	355	355	355	355	355	355
SMD Con Topanga Zone Fund - GC3	Total Inside Residential Revenues	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 2 - Revenue at Present Rates

Current Year		Budget					Projected						
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SMD Con Trancas Zone Fund - GC4	SMD Con Trancas Zone Fund - GC4												
	Charge Per Sewer Unit	\$3,211.00	\$3,339.00										
	Sewage Units	271	271	271	271	271	271	271	271	271	271	271	271
SMD Con Trancas Zone Fund - GC4	Total Inside Residential Revenues	\$870,181	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869
Current Year		Budget					Projected						
	SMD Con Malibu Mesa Zone Fund - GC5	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SMD Con Malibu Mesa Zone Fund - GC5	Charge Per Sewer Unit	\$978.00	\$978.00										
	Sewage Units	989	989	989	989	989	989	989	989	989	989	989	989
	Total Inside Residential Revenues	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242
Current Year		Budget					Projected						
	SMD Marina Fund - GC6	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SMD Marina Fund - GC6	Charge Per Sewer Unit	\$190.00	\$190.00										
	Sewage Units	9,249	9,377	9,377	9,377	9,377	9,377	9,377	9,377	9,377	9,377	9,377	9,377
	Total Inside Residential Revenues	\$1,757,358	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630
Current Year		Budget					Projected						
	SMD Lake Hughes Zone Fund - GC9	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SMD Lake Hughes Zone Fund - GC9	Charge Per Sewer Unit	\$1,176.00	\$1,223.00										
	Sewage Units	282	282	282	282	282	282	282	282	282	282	282	282
	Total Inside Residential Revenues	\$331,632	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886
Current Year		Budget					Projected						
	SMD Brassie Lane Zone Fund - GD2	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
SMD Brassie Lane Zone Fund - GD2	Charge Per Sewer Unit	\$15.86	\$15.86										
	Sewage Units	20	20	20	20	20	20	20	20	20	20	20	20
	Total Inside Residential Revenues	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317

	Actuals	Actuals	Budget	Projected									Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Sources of Funds													
Sewer Maint Dist Consolidated ACO - J14	\$7,032,708	\$7,043,351	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	Calc'd on RPR
Sewer Maint Dist Consolidated - GA9	32,802,507	33,069,270	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	32,527,264	Calc'd on RPR
SMD Con Aneta Zone Fund - GB1	63,960	66,256	68,880.00	68,880	68,880	68,880	68,880	68,880	68,880	68,880	68,880	68,880	Calc'd on RPR
SMD Fox Park Zone Fund - GB4	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	Calc'd on RPR
SMD Malibu Zone Fund - GB8	431,278	431,278	431,278	431,278	431,278	431,278	431,278	431,278	431,278	431,278	431,278	431,278	Calc'd on RPR
SMD Summit Road Zone - GC2	961	961	961	961	961	961	961	961	961	961	961	961	Calc'd on RPR
SMD Con Topanga Zone Fund - GC3	230,750	230,750	230,750	230,750	230,750	230,750	230,750	230,750	230,750	230,750	230,750	230,750	Calc'd on RPR
SMD Con Trancas Zone Fund - GC4	739,880	870,181	904,869	904,869	904,869	904,869	904,869	904,869	904,869	904,869	904,869	904,869	Calc'd on RPR
SMD Con Malibu Mesa Zone Fund - GC5	967,242	967,242	967,242	967,242	967,242	967,242	967,242	967,242	967,242	967,242	967,242	967,242	Calc'd on RPR
SMD Marina Fund - GC6	1,753,780	1,700,945	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	1,781,630	Calc'd on RPR
SMD Lake Hughes Zone Fund - GC9	288,204	331,632	344,886	344,886	344,886	344,886	344,886	344,886	344,886	344,886	344,886	344,886	Calc'd on RPR
SMD Brassie Lane Zone Fund - GD2	317	317	317	317	317	317	317	317	317	317	317	317	Calc'd on RPR
Total Rate Revenues	\$44,312,935	\$44,713,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	\$44,313,531	
Sewer Maint Dist Consolidated ACO - J14	\$1,329,404	\$3,040,855	182,876	\$101,304	\$68,213	\$69,200	\$96,648	\$123,081	\$172,988	\$218,879	\$240,823	\$257,497	
Sewer Maint Dist Consolidated - GA9	2,496,384	3,317,304	1,316,737	1,256,839	1,187,222	1,175,284	1,229,108	1,281,315	1,331,714	1,368,938	1,392,444	1,401,672	
SMD Con Aneta Zone Fund - GB1	4,653	28,702	962	1,028	1,071	1,089	1,136	1,201	1,279	1,306	1,281	1,198	
SMD Fox Park Zone Fund - GB4	2,003	2,818	674	657	640	623	605	588	570	552	533	515	
SMD Malibu Zone Fund - GB8	31,395	19,915	2,837	2,158	2,277	3,197	4,921	6,498	7,922	9,185	10,281	11,202	
SMD Summit Road Zone - GC2	823	1,153	304	310	315	321	327	333	338	344	350	356	
SMD Con Topanga Zone Fund - GC3	10,523	9,343	4,398	4,093	4,059	4,299	4,811	5,241	5,586	5,841	6,004	6,071	
SMD Con Trancas Zone Fund - GC4	79,144	28,784	2,926	3,787	4,409	4,784	4,901	4,750	4,319	3,599	2,577	1,242	
SMD Con Malibu Mesa Zone Fund - GC5	65,357	126,139	15,913	14,253	12,459	12,271	13,693	14,752	15,435	15,724	15,604	15,060	
SMD Marina Fund - GC6	272,172	386,011	29,161	23,585	24,582	32,141	46,245	58,901	70,002	3,097	9,977	14,931	
SMD Lake Hughes Zone Fund - GC9	8,364	8,125	7,448	8,154	8,851	9,538	10,143	10,662	11,090	11,425	11,662	11,798	
SMD Brassie Lane Zone Fund - GD2	106	154	32	33	34	35	36	37	38	39	40	41	
Total Other Revenues	\$4,300,327	\$6,969,304	\$1,564,268	\$1,416,200	\$1,314,133	\$1,312,782	\$1,412,575	\$1,507,357	\$1,621,280	\$1,638,929	\$1,691,576	\$1,721,582	
Total Sources of Funds	\$48,613,262	\$51,682,835	\$45,877,800	\$45,729,731	\$45,627,665	\$45,626,313	\$45,726,106	\$45,820,889	\$45,934,811	\$45,952,461	\$46,005,107	\$46,035,114	
Applications of Funds													
Service and Supplies													
Sewer Maint Dist Consolidated ACO - J14	\$9,450,389	\$10,734,574	\$15,187,172	\$11,206,086	\$11,542,269	\$11,888,537	\$12,245,193	\$12,612,549	\$12,990,925	\$13,380,653	\$13,782,072	\$14,195,535	
Sewer Maint Dist Consolidated - GA9	41,404,004	38,209,257	39,833,816	47,013,831	48,229,246	49,481,123	50,770,557	52,098,673	53,466,634	54,875,633	56,326,902	57,821,709	
SMD Con Aneta Zone Fund - GB1	80,776	81,976	63,178	66,966	70,982	75,238	79,750	84,532	89,602	94,975	100,671	106,708	
SMD Fox Park Zone Fund - GB4	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	
SMD Malibu Zone Fund - GB8	483,750	487,370	501,991	517,051	532,562	548,539	564,995	581,945	599,404	617,386	635,907	654,984	
SMD Summit Road Zone - GC2	695	708	708	708	708	708	708	708	708	708	708	708	
SMD Con Topanga Zone Fund - GC3	245,089	257,960	265,699	273,669	281,880	290,336	299,046	308,017	317,258	326,776	336,579	346,676	
SMD Con Trancas Zone Fund - GC4	774,752	797,835	821,771	846,424	871,816	897,971	924,910	952,657	981,237	1,010,674	1,040,994	1,072,224	
SMD Con Malibu Mesa Zone Fund - GC5	1,148,368	1,115,682	1,149,153	1,183,627	1,219,136	1,255,710	1,293,382	1,332,183	1,372,149	1,413,313	1,455,712	1,499,384	
SMD Marina Fund - GC6	3,207,264	2,789,863	2,368,433	2,502,505	2,644,381	2,794,521	2,953,414	3,121,577	3,299,559	3,487,940	3,687,336	3,898,399	
SMD Lake Hughes Zone Fund - GC9	296,212	380,474	281,758	290,211	298,917	307,885	317,121	326,635	336,434	346,527	356,923	367,630	
SMD Brassie Lane Zone Fund - GD2	265	255	255	255	255	255	255	255	255	255	255	255	
Total Oper. & Maint. Expense	\$57,095,288	\$54,859,679	\$60,477,657	\$63,905,058	\$65,695,876	\$67,544,548	\$69,453,055	\$71,423,457	\$73,457,887	\$75,558,563	\$77,727,784	\$79,967,937	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 3 - Combined Sources & Application of Funds

	Actuals	Actuals	Budget	Projected									Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Debt Service													
Loan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Long Term Debt		0	0	0	0	0	0	0	0	0	0	0	
			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	
Net Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in Working Capital (+ = To Reserves / - = From Reserves)													
To ACO Fund		\$0	\$0	\$0	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	
To Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital		\$0	\$0	\$0	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	\$599,098	
Total Revenue Requirements		\$54,859,679	\$60,684,657	\$67,868,590	\$70,397,230	\$72,389,481	\$74,446,593	\$74,112,289	\$83,853,536	\$80,371,450	\$82,688,153	\$85,080,951	
Balance/(Deficiency) of Funds		(\$3,176,845)	(\$14,806,857)	(\$22,138,859)	(\$24,769,566)	(\$26,763,168)	(\$28,720,486)	(\$28,291,400)	(\$37,918,724)	(\$34,418,989)	(\$36,683,046)	(\$39,045,838)	
Rate Adjust. as a % of Rate Rev		7.1%	33.4%	50.0%	55.9%	60.4%	64.8%	63.8%	85.6%	77.7%	82.8%	88.1%	
Proposed Rate Adjustment		0.0%	0.0%	28.3%	21.3%	17.6%	1.8%	1.8%	0.0%	0.0%	0.0%	0.0%	
Addt'l Rev from Proposed Adjustments		\$0	\$0	\$12,531,328	\$24,634,404	\$36,742,468	\$38,198,740	\$39,683,665	\$39,683,665	\$39,683,665	\$39,683,665	\$39,683,665	
Net Bal/(Def) of Funds After Rate Adj.		(3,176,845)	(14,806,857)	(9,607,532)	(135,161)	9,979,300	9,478,254	11,392,265	1,764,941	5,264,676	3,000,619	637,828	
Additional Rate Increase Needed		7.1%	33.4%	21.7%	0.3%	-22.5%	-21.4%	-25.7%	-4.0%	-11.9%	-6.8%	-1.4%	
Rate Revenue After Proposed Adjustment	\$44,312,935	\$44,713,531	\$44,313,531	\$56,844,859	\$68,947,936	\$81,055,999	\$82,512,272	\$83,997,197	\$83,997,197	\$83,997,197	\$83,997,197	\$83,997,197	
Total Revenue After Proposed Adjustment	\$48,613,262	\$51,682,835	\$45,877,800	\$58,261,059	\$70,262,069	\$82,368,781	\$83,924,846	\$85,504,554	\$85,618,477	\$85,636,126	\$85,688,773	\$85,718,779	
Cash Reserves													
Operating Fund-Water													
Beginning Fund Balance		\$41,570,000	\$38,393,155	\$23,586,298	\$1,447,439	(\$23,322,127)	(\$50,085,295)	(\$78,805,781)	(\$107,097,181)	(\$145,015,906)	(\$179,434,895)	(\$216,117,941)	
Plus: Total Revenue		51,682,835	45,877,800	45,729,731	45,627,665	45,626,313	45,726,106	45,820,889	45,934,811	45,952,461	46,005,107	46,035,114	
Less: Revenue Requirements		54,859,679	60,684,657	67,868,590	70,397,230	72,389,481	74,446,593	74,112,289	83,853,536	80,371,450	82,688,153	85,080,951	
Ending Balance		\$38,393,155	\$23,586,298	\$1,447,439	(\$23,322,127)	(\$50,085,295)	(\$78,805,781)	(\$107,097,181)	(\$145,015,906)	(\$179,434,895)	(\$216,117,941)	(\$255,163,779)	
Beginning Fund Balance		\$41,570,000	\$38,393,155	\$23,586,298	\$13,978,766	\$13,843,605	\$23,822,905	\$33,301,159	\$44,693,424	\$46,458,365	\$51,723,041	\$54,723,660	
Plus: Total Revenue After Proposed Adjustments		51,682,835	45,877,800	58,261,059	70,262,069	82,368,781	83,924,846	85,504,554	85,618,477	85,636,126	85,688,773	85,718,779	
Less: Revenue Requirements		54,859,679	60,684,657	67,868,590	70,397,230	72,389,481	74,446,593	74,112,289	83,853,536	80,371,450	82,688,153	85,080,951	
Ending Balance - Including Rate Adjustmentss		\$38,393,155	\$23,586,298	\$13,978,766	\$13,843,605	\$23,822,905	\$33,301,159	\$44,693,424	\$46,458,365	\$51,723,041	\$54,723,660	\$55,361,488	
Operating Fund Min. Target Balance (50% O&M)		\$27,429,840	\$30,238,828	\$31,952,529	\$32,847,938	\$33,772,274	\$34,726,528	\$35,711,728	\$36,728,944	\$37,779,282	\$38,863,892	\$39,983,969	
Operating Fund Target Balance (100% O&M)		\$54,859,679	\$60,477,657	\$63,905,058	\$65,695,876	\$67,544,548	\$69,453,055	\$71,423,457	\$73,457,887	\$75,558,563	\$77,727,784	\$79,967,937	

Inflation = 3.5%

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Total	Notes
ACO Fund J14													
East Yard (Rehab)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,231,796	\$4,231,796	
North Yard (Rehab)	0	0	0	0	0	0	0	0	3,950,427	4,088,692	0	8,039,119	
Central Yard (Rehab)	0	0	0	0	0	0	1,843,883	1,908,419	0	0	0	3,752,302	
South Yard (Rehab)	0	0	0	0	4,016,331	4,156,902	0	0	0	0	0	8,173,233	
Lawndale (Rehab)	0	0	3,749,288	3,880,513	0	0	0	0	0	0	0	7,629,800	
Malibu Mesa Water Reclamation Plant	0	0	0	0	0	0	0	0	0	0	0	0	
Fountain Springs Pump Station	0	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	141,060	1,214,199	
San Dimas Pump Station	0	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	141,060	1,214,199	
Trancas WPCP Project	0	0	0	0	0	0	0	0	0	0	0	0	
Malibu Mesa Water Reclamation Plant	0	0	0	0	0	0	0	0	0	0	0	0	Inflated number needs to be \$51,158,973
		\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439	\$2,089,734	\$2,162,875	\$4,213,789	\$4,361,272	\$4,513,916		
CSMD Fund GA9													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Aneta Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Fox Park Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Malibu Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Summit Road Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Topanga Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Trancas Zone Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Malibu Mesa Fund (State Loan)													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Marina Fund													
Marina Del Rey Pump Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,633,676	\$0	\$0	\$0	7,633,676	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	77.92%	0.00%	0.00%	0.00%	0.00%	
Lake Hughes Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Brassie Lane Fund													
TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Capital Improvements	\$0	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439	\$2,089,734	\$9,796,550	\$4,213,789	\$4,361,272	\$4,513,916	\$41,888,324	
Ongoing Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Capital Improvement Projects	\$0	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439	\$2,089,734	\$9,796,550	\$4,213,789	\$4,361,272	\$4,513,916	\$41,888,324	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 5 - Combined Rate Adjustment

Page 1 of 1

	Budgeted		Projected								
Consolidated - Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Balance/(Deficiency) of Funds	(\$3,176,845)	(\$14,806,857)	(\$22,737,957)	(\$24,769,566)	(\$26,763,168)	(\$28,720,486)	(\$28,291,400)	(\$37,918,724)	(\$34,418,989)	(\$36,683,046)	(\$39,045,838)
Combined Rate Adjustment	0%	0%	28.28%	21.29%	17.56%	1.80%	1.80%	0.00%	0.00%	0.00%	0.00%
Add'l Rev from Proposed Adjustments	0	0	12,531,328	24,634,404	36,742,468	38,198,740	39,683,665	39,683,665	39,683,665	39,683,665	39,683,665
Net Bal/(Def) of Funds After Rate Adj.	(\$3,176,845)	(\$14,806,857)	(\$10,206,630)	(\$135,161)	\$9,979,300	\$9,478,254	\$11,392,265	\$1,764,941	\$5,264,676	\$3,000,619	\$637,828
Additional Rate Increase Needed	7.1%	33.4%	18.0%	0.2%	-12.3%	-11.5%	-13.6%	-2.1%	-6.3%	-3.6%	-0.8%
Rate Revenue After Proposed Adjustment	\$44,713,531	\$44,313,531	\$56,844,859	\$68,947,936	\$81,055,999	\$82,512,272	\$83,997,197	\$83,997,197	\$83,997,197	\$83,997,197	\$83,997,197
Total Revenue After Proposed Adjustment	\$51,682,835	\$45,877,800	\$58,261,059	\$70,262,069	\$82,368,781	\$83,924,846	\$85,504,554	\$85,618,477	\$85,636,126	\$85,688,773	\$85,718,779

Sewer Maint Dist Consolidated ACO - J14

	Actuals		Projected										Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$7,032,708	\$7,043,351	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	\$7,054,106	Calc'd on RPR
Misc Revenue													
Cancelled Commitment	\$388,999	\$1,669,477	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	927,846	1,224,837	182,876	101,304	68,213	69,200	96,648	123,081	172,988	218,879	240,823	257,497	As Other Revenue
Miscellaneous	0	812	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Accidents	0	123,725	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Prior Charges	12,560	22,004	0	0	0	0	0	0	0	0	0	0	As Other Revenue
SRF Loan Reimbursement - GC5	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Govmmtl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$1,329,404	\$3,040,855	\$182,876	\$101,304	\$68,213	\$69,200	\$96,648	\$123,081	\$172,988	\$218,879	\$240,823	\$257,497	
Total Revenue	\$8,362,112	\$10,084,205	\$7,236,982	\$7,155,410	\$7,122,319	\$7,123,306	\$7,150,754	\$7,177,186	\$7,227,094	\$7,272,985	\$7,294,928	\$7,311,602	
110 Labor	\$1,967,217	\$5,562,707	\$5,729,588	\$5,901,476	\$6,078,520	\$6,260,876	\$6,448,702	\$6,642,163	\$6,841,428	\$7,046,671	\$7,258,071	\$7,475,813	As Labor
120 Equipment	39,422	52,918	54,505	56,140	57,825	59,559	61,346	63,187	65,082	67,035	69,046	71,117	As Equipment
130 Materials	13,508	16,943	17,451	17,974	18,514	19,069	19,641	20,230	20,837	21,462	22,106	22,770	As Materials & Supplies
140 Contract Payments	7,135,470	4,377,536	4,508,862	4,644,128	4,783,452	4,926,955	5,074,764	5,227,007	5,383,817	5,545,332	5,711,692	5,883,042	As Professional Services
150 Miscellaneous Charges	256,687	1,300,060	1,056,687	256,687	264,388	272,319	280,489	288,903	297,571	306,498	315,693	325,163	As Miscellaneous
170 Other Charges	11,547	310,756	320,078	329,681	339,571	349,758	360,251	371,058	382,190	393,656	405,465	417,629	As Miscellaneous
200 Operating Transfers	0	(886,345)	3,500,000	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$9,423,851	\$10,734,574	\$15,187,172	\$11,206,086	\$11,542,269	\$11,888,537	\$12,245,193	\$12,612,549	\$12,990,925	\$13,380,653	\$13,782,072	\$14,195,535	
		13.9%	41.5%	-26.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvemen	\$26,538	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$26,538	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439	\$2,089,734	\$2,162,875	\$4,213,789	\$4,361,272	\$4,513,916	
Less: Other funding													
From Districts Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$207,000	\$3,963,533	\$4,102,256	\$4,245,835	\$4,394,439	\$2,089,734	\$2,162,875	\$4,213,789	\$4,361,272	\$4,513,916	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To/(From) Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$9,450,389	\$10,734,574	\$15,394,172	\$15,169,619	\$15,644,525	\$16,134,372	\$16,639,632	\$14,702,283	\$15,153,800	\$17,594,442	\$18,143,344	\$18,709,451	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 6 - J14 - Rate Adjustment

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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$650,369)	(\$8,157,190)	(\$8,014,209)	(\$8,522,206)	(\$9,011,066)	(\$9,488,878)	(\$7,525,096)	(\$7,926,706)	(\$10,321,457)	(\$10,848,416)	(\$11,397,848)	
Rate Adjust. as a % of Rate Rev		9.2%	115.6%	68.2%	54.4%	47.9%	49.5%	38.5%	40.5%	52.7%	55.4%	58.2%	
Proposed Rate Adjustment		0.0%	0.0%	66.7%	33.3%	20.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$4,705,088	\$8,620,900	\$11,755,901	\$12,132,101	\$12,515,825	\$12,515,825	\$12,515,825	\$12,515,825	\$12,515,825	
Net Bal/(Def) of Funds After Rate Adj.		(\$650,369)	(\$8,157,190)	(\$3,309,120)	\$98,694	\$2,744,835	\$2,643,223	\$4,990,729	\$4,589,119	\$2,194,368	\$1,667,410	\$1,117,977	
Additional Rate Increase Needed		9.2%	0.0%	28.1%	-0.6%	-14.6%	-13.8%	-25.5%	-23.4%	-11.2%	-8.5%	-5.7%	
Average Residential Customer Bill			\$9.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$9.00	\$15.00	\$20.00	\$24.00	\$24.48	\$24.97	\$24.97	\$24.97	\$24.97	\$24.97	
Bill Difference - Annually				6.00	5.00	4.00	0.48	0.49	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$6.00	\$11.00	\$15.00	\$15.48	\$15.97	\$15.97	\$15.97	\$15.97	\$15.97	
Rate Revenue After Proposed Adjustment		\$7,043,351	\$7,054,106	\$11,759,194	\$15,675,005	\$18,810,007	\$19,186,207	\$19,569,931	\$19,569,931	\$19,569,931	\$19,569,931	\$19,569,931	
Total Revenue After Proposed Adjustment		\$10,084,205	\$7,236,982	\$11,860,498	\$15,743,219	\$18,879,207	\$19,282,855	\$19,693,012	\$19,742,919	\$19,788,810	\$19,810,754	\$19,827,428	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$18,938,000	\$18,287,631	\$10,130,442	\$2,116,233	(\$6,405,973)	(\$15,417,039)	(\$24,905,918)	(\$32,431,014)	(\$40,357,720)	(\$50,679,178)	(\$61,527,593)	
Plus: Total Revenue		10,084,205	7,236,982	7,155,410	7,122,319	7,123,306	7,150,754	7,177,186	7,227,094	7,272,985	7,294,928	7,311,602	
Less: Revenue Requirements		10,734,574	15,394,172	15,169,619	15,644,525	16,134,372	16,639,632	14,702,283	15,153,800	17,594,442	18,143,344	18,709,451	
From Other Districts		0	0	0	0	0	0	0	0	0	0	0	
To Other Districts (-)		0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		\$18,287,631	\$10,130,442	\$2,116,233	(\$6,405,973)	(\$15,417,039)	(\$24,905,918)	(\$32,431,014)	(\$40,357,720)	(\$50,679,178)	(\$61,527,593)	(\$72,925,441)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$18,938,000	\$18,287,631	\$10,130,442	\$6,821,321	\$6,920,015	\$9,664,850	\$12,308,073	\$17,298,802	\$21,887,921	\$24,082,289	\$25,749,698	
Plus: Total Revenue After Proposed Adjustments		10,084,205	7,236,982	11,860,498	15,743,219	18,879,207	19,282,855	19,693,012	19,742,919	19,788,810	19,810,754	19,827,428	
Less: Revenue Requirements		10,734,574	15,394,172	15,169,619	15,644,525	16,134,372	16,639,632	14,702,283	15,153,800	17,594,442	18,143,344	18,709,451	
From Other Districts		0	0	0	0	0	0	0	0	0	0	0	
To Other Districts (-)		0	0	0	0	0	0	0	0	0	0	0	
Ending Balance - Including Rate Adjustments		\$18,287,631	\$10,130,442	\$6,821,321	\$6,920,015	\$9,664,850	\$12,308,073	\$17,298,802	\$21,887,921	\$24,082,289	\$25,749,698	\$26,867,675	
Operating Fund Min. Target Balance (50% O&M)		\$5,367,287	\$7,593,586	\$5,603,043	\$5,771,134	\$5,944,268	\$6,122,596	\$6,306,274	\$6,495,463	\$6,690,326	\$6,891,036	\$7,097,767	
Operating Fund Target Balance (100% O&M)		10,734,574	15,187,172	11,206,086	11,542,269	11,888,537	12,245,193	12,612,549	12,990,925	13,380,653	13,782,072	14,195,535	

Sewer Maint Dist Consolidated - GA9

	Actuals				Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$32,802,507	\$33,069,270	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	\$32,527,264	Calc'd on RPR
Misc Revenue													
PY - Sewer Serv	(\$25,355)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	(\$47,585)	As Other Revenue
PY Sanitation	(165)	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Cancelled Commitment	180,664	328,285	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-DeI Taxes Sec	164,669	145,820	145,820	145,820	145,820	145,820	145,820	145,820	145,820	145,820	145,820	145,820	As Other Revenue
Interest	(104)	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	857,421	939,366	148,623	88,725	19,108	7,170	60,995	113,201	163,600	200,824	224,330	233,559	As Other Revenue
State-Other	0	748,771	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Govmntl Agencies	41,472	41,472	41,472	41,472	41,472	41,472	41,472	41,472	41,472	41,472	41,472	41,472	As Other Revenue
Sewer Reimbursement	453	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement	22,275	20,460	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	As Other Revenue
Contract Cities - Various Services	926,657	660,373	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	As Other Revenue
Special Dist Annex Fees	292,712	187,872	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	As Other Revenue
Sewer Maint	697	3,118	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	14,804	18,407	18,407	18,407	18,407	18,407	18,407	18,407	18,407	18,407	18,407	18,407	As Other Revenue
Miscellaneous	16,170	4,081	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Accidents	0	257,512	0	0	0	0	0	0	0	0	0	0	As Other Revenue
PY Reimburse	76	76	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pr Yr-Fed Aid	0	7,098	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Prior Charges	3,895	2,179	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Prior Self-Pay	42	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$2,496,384	\$3,317,304	\$1,316,737	\$1,256,839	\$1,187,222	\$1,175,284	\$1,229,108	\$1,281,315	\$1,331,714	\$1,368,938	\$1,392,444	\$1,401,672	
Total Revenue	\$35,298,891	\$36,386,573	\$33,844,001	\$33,784,103	\$33,714,486	\$33,702,548	\$33,756,373	\$33,808,579	\$33,858,978	\$33,896,202	\$33,919,708	\$33,928,937	
110 Labor	\$29,271,652	\$27,490,064	\$28,314,785	\$29,164,208	\$30,039,135	\$30,940,309	\$31,868,518	\$32,824,574	\$33,809,311	\$34,823,590	\$35,868,298	\$36,944,347	As Labor
120 Equipment	4,390,239	4,391,651	4,523,401	4,659,103	4,798,876	4,942,842	5,091,128	5,243,862	5,401,177	5,563,213	5,730,109	5,902,012	As Equipment
130 Materials	1,273,826	942,583	970,861	999,987	1,029,986	1,060,886	1,092,713	1,125,494	1,159,259	1,194,037	1,229,858	1,266,753	As Materials & Supplies
140 Contract Payments	969,634	2,394,777	2,466,620	2,540,619	2,616,837	2,695,342	2,776,203	2,859,489	2,945,273	3,033,632	3,124,640	3,218,380	As Professional Services
150 Miscellaneous Charges	2,736,847	2,866,863	2,952,869	3,041,455	3,132,699	3,226,680	3,323,480	3,423,184	3,525,880	3,631,656	3,740,606	3,852,824	As Miscellaneous
160 Indirects	36,732	31,097	32,991	33,981	35,000	36,050	37,132	38,246	39,393	40,575	41,792	43,047	As Miscellaneous
170 Other Charges	1,111,098	21,086	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	As Miscellaneous
200 Operating Transfers	1,298,345	0	0	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	315,631	71,136	73,270	75,468	77,732	80,064	82,466	84,940	87,488	90,112	92,816	95,600	As Miscellaneous
Total Operating & Maintenance Expenses	\$41,404,004	\$38,209,257	\$39,833,816	\$47,013,831	\$48,229,246	\$49,481,123	\$50,770,557	\$52,098,673	\$53,466,634	\$54,875,633	\$56,326,902	\$57,821,709	
		-7.7%	4.3%	18.0%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.7%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From GA9 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To GA9 Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capi	\$41,404,004	\$38,209,257	\$39,833,816	\$47,013,831	\$48,229,246	\$49,481,123	\$50,770,557	\$52,098,673	\$53,466,634	\$54,875,633	\$56,326,902	\$57,821,709	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$1,822,684)	(\$5,989,815)	(\$13,229,728)	(\$14,514,760)	(\$15,778,575)	(\$17,014,184)	(\$18,290,095)	(\$19,607,655)	(\$20,979,430)	(\$22,407,193)	(\$23,892,772)	
Rate Adjust. as a % of Rate Rev		5.5%	18.4%	34.1%	31.7%	29.4%	31.1%	32.7%	35.1%	37.6%	40.1%	42.8%	
Proposed Rate Adjustment		0.0%	0.0%	19.3%	18.2%	17.1%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$6,268,004	\$13,320,984	\$21,161,034	\$22,234,800	\$23,330,041	\$23,330,041	\$23,330,041	\$23,330,041	\$23,330,041	
Net Bal/(Def) of Funds After Rate Adj.		(\$1,822,684)	(\$5,989,815)	(\$6,961,724)	(\$1,193,776)	\$5,382,459	\$5,220,616	\$5,039,947	\$3,722,386	\$2,350,611	\$922,848	(\$562,731)	
Additional Rate Increase Needed		5.5%	18.4%	17.9%	2.6%	-10.0%	-9.5%	-9.0%	-6.7%	-4.2%	-1.7%	1.0%	
Average Residential Customer Bill			\$41.50	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$41.50	\$49.50	\$58.50	\$68.50	\$69.87	\$71.27	\$71.27	\$71.27	\$71.27	\$71.27	
Bill Difference - Annually				8.00	9.00	10.00	1.37	1.40	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$49.50	\$58.50	\$68.50	\$69.87	\$71.27	\$71.27	\$71.27	\$71.27	\$71.27	
Rate Revenue After Proposed Adjustment		\$33,069,270	\$32,527,264	\$38,795,268	\$45,848,248	\$53,688,298	\$54,762,064	\$55,857,305	\$55,857,305	\$55,857,305	\$55,857,305	\$55,857,305	
Total Revenue After Proposed Adjustment		\$36,386,573	\$33,844,001	\$40,052,107	\$47,035,469	\$54,863,582	\$55,991,173	\$57,138,620	\$57,189,019	\$57,226,243	\$57,249,749	\$57,258,978	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$16,685,000	\$14,862,316	\$8,872,501	(\$4,357,226)	(\$18,871,986)	(\$34,650,561)	(\$51,664,745)	(\$69,954,840)	(\$89,562,495)	(\$110,541,925)	(\$132,949,119)	
Plus: Total Revenue		36,386,573	33,844,001	33,784,103	33,714,486	33,702,548	33,756,373	33,808,579	33,858,978	33,896,202	33,919,708	33,928,937	
Less: Revenue Requirements & Capital Funding		38,209,257	39,833,816	47,013,831	48,229,246	49,481,123	50,770,557	52,098,673	53,466,634	54,875,633	56,326,902	57,821,709	
Ending Balance		\$14,862,316	\$8,872,501	(\$4,357,226)	(\$18,871,986)	(\$34,650,561)	(\$51,664,745)	(\$69,954,840)	(\$89,562,495)	(\$110,541,925)	(\$132,949,119)	(\$156,841,891)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$16,685,000	\$14,862,316	\$8,872,501	\$1,910,778	\$717,001	\$6,099,460	\$11,320,076	\$16,360,023	\$20,082,409	\$22,433,019	\$23,355,867	
Plus: Total Revenue After Proposed Adjustments		36,386,573	33,844,001	40,052,107	47,035,469	54,863,582	55,991,173	57,138,620	57,189,019	57,226,243	57,249,749	57,258,978	
Less: Revenue Requirements & Capital Funding		38,209,257	39,833,816	47,013,831	48,229,246	49,481,123	50,770,557	52,098,673	53,466,634	54,875,633	56,326,902	57,821,709	
Ending Balance - Including Rate Adjustments		\$14,862,316	\$8,872,501	\$1,910,778	\$717,001	\$6,099,460	\$11,320,076	\$16,360,023	\$20,082,409	\$22,433,019	\$23,355,867	\$22,793,136	
Operating Fund Min. Target Balance (50% O&M)		\$19,104,629	\$19,916,908	\$23,506,915	\$24,114,623	\$24,740,561	\$25,385,278	\$26,049,337	\$26,733,317	\$27,437,816	\$28,163,451	\$28,910,854	
Operating Fund Target Balance (100% O&M)		38,209,257	39,833,816	47,013,831	48,229,246	49,481,123	50,770,557	52,098,673	53,466,634	54,875,633	56,326,902	57,821,709	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 8 - Aneta - Revenue Requirement

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SMD Con Aneta Zone Fund - GB1

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$63,960	\$66,256	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	\$68,880	Calc'd on RPR
Misc Revenue													
PY - Sewer Serv	(\$2)	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	As Other Revenue
Cancelled Commitment	0	22,028	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	34	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	4,621	6,672	960	1,026	1,070	1,087	1,134	1,199	1,277	1,305	1,279	1,196	As Other Revenue
Other Govmmtl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$4,653	\$28,702	\$962	\$1,028	\$1,071	\$1,089	\$1,136	\$1,201	\$1,279	\$1,306	\$1,281	\$1,198	
Total Revenue	\$68,613	\$94,958	\$69,842	\$69,908	\$69,951	\$69,969	\$70,016	\$70,081	\$70,159	\$70,186	\$70,161	\$70,078	
110 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
120 Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Equipment
130 Materials	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
140 Contract Payments	80,700	81,900	63,100	66,886	70,899	75,153	79,662	84,442	89,509	94,879	100,572	106,606	As Professional Services
150 Miscellaneous Charges	76	76	78	80	83	85	88	90	93	96	99	102	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$80,776	\$81,976	\$63,178	\$66,966	\$70,982	\$75,238	\$79,750	\$84,532	\$89,602	\$94,975	\$100,671	\$106,708	
		1.5%	-22.9%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Aneta Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Aneta Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$80,776	\$81,976	\$63,178	\$66,966	\$70,982	\$75,238	\$79,750	\$84,532	\$89,602	\$94,975	\$100,671	\$106,708	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 8 - Aneta - Rate Adjustment

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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		\$12,982	\$6,664	\$2,942	(\$1,030)	(\$5,269)	(\$9,734)	(\$14,452)	(\$19,443)	(\$24,789)	(\$30,510)	(\$36,630)	
Rate Adjust. as a % of Rate Rev		-19.6%	-9.7%	-4.2%	1.4%	6.7%	11.4%	15.9%	21.3%	27.2%	33.5%	40.2%	
Proposed Rate Adjustment		0.0%	0.0%	2.0%	2.0%	10.0%	8.0%	7.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$1,378	\$2,783	\$9,949	\$16,255	\$22,215	\$22,215	\$22,215	\$22,215	\$22,215	
Net Bal/(Def) of Funds After Rate Adj.		\$12,982	\$6,664	\$4,319	\$1,752	\$4,680	\$6,521	\$7,763	\$2,772	(\$2,574)	(\$8,295)	(\$14,415)	
Additional Rate Increase Needed		-19.6%	-9.7%	-6.1%	-2.4%	-5.9%	-7.7%	-8.5%	-3.0%	2.8%	9.1%	15.8%	
Average Residential Customer Bill			\$210.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$210.00	\$214.20	\$218.48	\$240.33	\$259.56	\$277.73	\$277.73	\$277.73	\$277.73	\$277.73	
Bill Difference - Annually				4.20	4.28	21.85	19.23	18.17	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$4.20	\$8.48	\$30.33	\$49.56	\$67.73	\$67.73	\$67.73	\$67.73	\$67.73	
Rate Revenue After Proposed Adjustment		\$66,256	\$68,880	\$70,258	\$71,663	\$78,829	\$85,135	\$91,095	\$91,095	\$91,095	\$91,095	\$91,095	
Total Revenue After Proposed Adjustment		\$94,958	\$69,842	\$71,286	\$72,734	\$79,918	\$86,271	\$92,296	\$92,373	\$92,401	\$92,375	\$92,292	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$83,000	\$95,982	\$102,646	\$105,587	\$104,557	\$99,288	\$89,553	\$75,102	\$55,659	\$30,870	\$360	
Plus: Total Revenue		94,958	69,842	69,908	69,951	69,969	70,016	70,081	70,159	70,186	70,161	70,078	
Less: Revenue Requirements & Capital Funding		81,976	63,178	66,966	70,982	75,238	79,750	84,532	89,602	94,975	100,671	106,708	
Ending Balance		\$95,982	\$102,646	\$105,587	\$104,557	\$99,288	\$89,553	\$75,102	\$55,659	\$30,870	\$360	(\$36,270)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$83,000	\$95,982	\$102,646	\$106,965	\$108,717	\$113,397	\$119,918	\$127,681	\$130,453	\$127,879	\$119,584	
Plus: Total Revenue After Proposed Adjustments		94,958	69,842	71,286	72,734	79,918	86,271	92,296	92,373	92,401	92,375	92,292	
Less: Revenue Requirements & Capital Funding		81,976	63,178	66,966	70,982	75,238	79,750	84,532	89,602	94,975	100,671	106,708	
Ending Balance - Including Rate Adjustmentss		\$95,982	\$102,646	\$106,965	\$108,717	\$113,397	\$119,918	\$127,681	\$130,453	\$127,879	\$119,584	\$105,168	
Operating Fund Min. Target Balance (50% O&M)		\$40,988	\$31,589	\$33,483	\$35,491	\$37,619	\$39,875	\$42,266	\$44,801	\$47,488	\$50,335	\$53,354	
Operating Fund Target Balance (100% O&M)		81,976	63,178	66,966	70,982	75,238	79,750	84,532	89,602	94,975	100,671	106,708	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 9 - Summit Road - Revenue Requirement

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SMD Summit Road Zone - GC2

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	Calc'd on RPR
Misc Revenue													
PY Sewer	\$15	(\$15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	13	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	795	1,168	304	310	315	321	327	333	338	344	350	356	As Other Revenue
Other Govmmntl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$823	\$1,153	\$304	\$310	\$315	\$321	\$327	\$333	\$338	\$344	\$350	\$356	
Total Revenue	\$1,784	\$2,114	\$1,265	\$1,271	\$1,277	\$1,282	\$1,288	\$1,294	\$1,300	\$1,306	\$1,312	\$1,318	
110 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
120 Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Equipment
130 Materials	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
140 Contract Payments	630	630	630	630	630	630	630	630	630	630	630	630	As Professional Services
150 Miscellaneous Charges	65	78	78	78	78	78	78	78	78	78	78	78	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$695	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	
		1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
181 Capital Assets - Building&Improvemen	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Summit Road Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Summit Road Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$695	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	\$708	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 9 - Summit Road - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		\$1,407	\$558	\$563	\$569	\$575	\$580	\$586	\$592	\$598	\$604	\$610	
Rate Adjust. as a % of Rate Rev		-146.3%	-58.0%	-58.6%	-59.2%	-59.8%	-60.4%	-61.0%	-61.6%	-62.2%	-62.8%	-63.4%	
Proposed Rate Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Bal/(Def) of Funds After Rate Adj.		\$1,407	\$558	\$563	\$569	\$575	\$580	\$586	\$592	\$598	\$604	\$610	
Additional Rate Increase Needed		-146.3%	-58.0%	-58.6%	-59.2%	-59.8%	-60.4%	-61.0%	-61.6%	-62.2%	-62.8%	-63.4%	
Average Residential Customer Bill			\$15.26	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	\$15.26	
Bill Difference - Annually				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Rate Revenue After Proposed Adjustment		\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	\$961	
Total Revenue After Proposed Adjustment		\$2,114	\$1,265	\$1,271	\$1,277	\$1,282	\$1,288	\$1,294	\$1,300	\$1,306	\$1,312	\$1,318	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$29,000	\$30,407	\$30,964	\$31,528	\$32,096	\$32,671	\$33,251	\$33,838	\$34,430	\$35,027	\$35,631	
Plus: Total Revenue		2,114	1,265	1,271	1,277	1,282	1,288	1,294	1,300	1,306	1,312	1,318	
Less: Revenue Requirements & Capital Funding		708	708	708	708	708	708	708	708	708	708	708	
Ending Balance		\$30,407	\$30,964	\$31,528	\$32,096	\$32,671	\$33,251	\$33,838	\$34,430	\$35,027	\$35,631	\$36,241	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$29,000	\$30,407	\$30,964	\$31,528	\$32,096	\$32,671	\$33,251	\$33,838	\$34,430	\$35,027	\$35,631	
Plus: Total Revenue After Proposed Adjustments		2,114	1,265	1,271	1,277	1,282	1,288	1,294	1,300	1,306	1,312	1,318	
Less: Revenue Requirements & Capital Funding		708	708	708	708	708	708	708	708	708	708	708	
Ending Balance - Including Rate Adjustmentss		\$30,407	\$30,964	\$31,528	\$32,096	\$32,671	\$33,251	\$33,838	\$34,430	\$35,027	\$35,631	\$36,241	
Operating Fund Min. Target Balance (50% O&M)		\$354	\$354	\$354	\$354	\$354	\$354	\$354	\$354	\$354	\$354	\$354	
Operating Fund Target Balance (100% O&M)		708	708	708	708	708	708	708	708	708	708	708	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 10 - Fox Park - Revenue Requirement

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SMD Fox Park Zone Fund - GB4

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	Calc'd on RPR
Misc Revenue													
PY - Sewer Service	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	As Other Revenue
Pen Int & Costs-Del Taxes Sec	0	2	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	2,003	2,816	674	657	640	623	605	588	570	552	533	515	As Other Revenue
Other Govmntl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$2,003	\$2,818	\$674	\$657	\$640	\$623	\$605	\$588	\$570	\$552	\$533	\$515	
Total Revenue	\$3,351	\$4,167	\$2,023	\$2,005	\$1,988	\$1,971	\$1,953	\$1,936	\$1,918	\$1,900	\$1,881	\$1,863	
110 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
120 Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Equipment
130 Materials	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
140 Contract Payments	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	As Professional Services
150 Miscellaneous Charges	65	65	65	65	65	65	65	65	65	65	65	65	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
181 Capital Assets - Building&Improvemen	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Fox Park Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Fox Park Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	\$3,725	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 10 - Fox Park - Rate Adjustment

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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		\$441	(\$1,702)	(\$1,720)	(\$1,737)	(\$1,754)	(\$1,772)	(\$1,789)	(\$1,807)	(\$1,825)	(\$1,844)	(\$1,862)	
Rate Adjust. as a % of Rate Rev		-32.7%	126.3%	127.6%	128.8%	130.1%	131.4%	132.7%	134.1%	135.4%	136.8%	138.1%	
Proposed Rate Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Bal/(Def) of Funds After Rate Adj.		\$441	(\$1,702)	(\$1,720)	(\$1,737)	(\$1,754)	(\$1,772)	(\$1,789)	(\$1,807)	(\$1,825)	(\$1,844)	(\$1,862)	
Additional Rate Increase Needed		-32.7%	126.3%	127.6%	128.8%	130.1%	131.4%	132.7%	134.1%	135.4%	136.8%	138.1%	
Average Residential Customer Bill			\$22.10	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	\$22.10	
Bill Difference - Annually				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Rate Revenue After Proposed Adjustment		\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	\$1,348	
Total Revenue After Proposed Adjustment		\$4,167	\$2,023	\$2,005	\$1,988	\$1,971	\$1,953	\$1,936	\$1,918	\$1,900	\$1,881	\$1,863	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$67,000	\$67,441	\$65,739	\$64,019	\$62,283	\$60,528	\$58,757	\$56,968	\$55,160	\$53,335	\$51,491	
Plus: Total Revenue		4,167	2,023	2,005	1,988	1,971	1,953	1,936	1,918	1,900	1,881	1,863	
Less: Revenue Requirements & Capital Funding		3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	
Ending Balance		\$67,441	\$65,739	\$64,019	\$62,283	\$60,528	\$58,757	\$56,968	\$55,160	\$53,335	\$51,491	\$49,629	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$67,000	\$67,441	\$65,739	\$64,019	\$62,283	\$60,528	\$58,757	\$56,968	\$55,160	\$53,335	\$51,491	
Plus: Total Revenue After Proposed Adjustments		4,167	2,023	2,005	1,988	1,971	1,953	1,936	1,918	1,900	1,881	1,863	
Less: Revenue Requirements & Capital Funding		3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	
Ending Balance - Including Rate Adjustments		\$67,441	\$65,739	\$64,019	\$62,283	\$60,528	\$58,757	\$56,968	\$55,160	\$53,335	\$51,491	\$49,629	
Operating Fund Min. Target Balance (50% O&M)		\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	\$1,863	
Operating Fund Target Balance (100% O&M)		3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 11 - Malibu - Revenue Requirement

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SMD Malibu Zone Fund - GB8

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	\$431,278	Calc'd on RPR
Misc Revenue													
PY Sewer	(\$1,930)	(\$1,304)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Cancelled Commitment	20,147	4,311	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	198	579	579	579	579	579	579	579	579	579	579	579	As Other Revenue
Interest from Treasury Pool Deposits	12,980	16,330	2,258	1,579	1,698	2,618	4,343	5,920	7,343	8,606	9,702	10,623	As Other Revenue
Other Govmmtl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$31,395	\$19,915	\$2,837	\$2,158	\$2,277	\$3,197	\$4,921	\$6,498	\$7,922	\$9,185	\$10,281	\$11,202	
Total Revenue	\$462,673	\$451,193	\$434,115	\$433,436	\$433,555	\$434,475	\$436,199	\$437,776	\$439,200	\$440,463	\$441,559	\$442,480	
110 Labor	\$335,761	\$285,482	\$294,046	\$302,868	\$311,954	\$321,313	\$330,952	\$340,880	\$351,107	\$361,640	\$372,489	\$383,664	As Labor
120 Equipment	57,586	45,717	47,089	48,501	49,956	51,455	52,999	54,589	56,226	57,913	59,650	61,440	As Equipment
130 Materials	16,738	15,531	15,997	16,477	16,971	17,480	18,004	18,545	19,101	19,674	20,264	20,872	As Materials & Supplies
140 Contract Payments	0	69,354	71,434	73,577	75,784	78,058	80,400	82,812	85,296	87,855	90,491	93,205	As Professional Services
150 Miscellaneous Charges	73,665	71,286	73,425	75,628	77,897	80,234	82,641	85,120	87,673	90,304	93,013	95,803	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$483,750	\$487,370	\$501,991	\$517,051	\$532,562	\$548,539	\$564,995	\$581,945	\$599,404	\$617,386	\$635,907	\$654,984	
		0.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Malibu Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Malibu Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$483,750	\$487,370	\$501,991	\$517,051	\$532,562	\$548,539	\$564,995	\$581,945	\$599,404	\$617,386	\$635,907	\$654,984	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 11 - Malibu - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$36,177)	(\$67,876)	(\$83,614)	(\$99,007)	(\$114,064)	(\$128,796)	(\$144,169)	(\$160,204)	(\$176,923)	(\$194,349)	(\$212,504)	
Rate Adjust. as a % of Rate Rev		8.4%	15.7%	15.9%	15.9%	15.9%	17.9%	20.1%	22.3%	24.6%	27.1%	29.6%	
Proposed Rate Adjustment		0.0%	0.0%	22.1%	18.1%	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$95,500	\$191,000	\$286,501	\$286,501	\$286,501	\$286,501	\$286,501	\$286,501	\$286,501	
Net Bal/(Def) of Funds After Rate Adj.		(\$36,177)	(\$67,876)	\$11,886	\$91,993	\$172,437	\$157,705	\$142,332	\$126,297	\$109,578	\$92,152	\$73,996	
Additional Rate Increase Needed		8.4%	15.7%	-2.3%	-14.8%	-24.0%	-22.0%	-19.8%	-17.6%	-15.3%	-12.8%	-10.3%	
Average Residential Customer Bill			\$2,258.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$2,258.00	\$2,758.00	\$3,258.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	
Bill Difference - Annually				500.00	500.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$500.00	\$1,000.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	
Rate Revenue After Proposed Adjustment		\$431,278	\$431,278	\$526,778	\$622,278	\$717,779	\$717,779	\$717,779	\$717,779	\$717,779	\$717,779	\$717,779	
Total Revenue After Proposed Adjustment		\$451,193	\$434,115	\$528,936	\$624,555	\$720,976	\$722,700	\$724,277	\$725,700	\$726,963	\$728,059	\$728,981	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$262,000	\$225,823	\$157,947	\$74,333	(\$24,674)	(\$138,738)	(\$267,534)	(\$411,703)	(\$571,907)	(\$748,829)	(\$943,178)	
Plus: Total Revenue		451,193	434,115	433,436	433,555	434,475	436,199	437,776	439,200	440,463	441,559	442,480	
Less: Revenue Requirements & Capital Funding		487,370	501,991	517,051	532,562	548,539	564,995	581,945	599,404	617,386	635,907	654,984	
Ending Balance		\$225,823	\$157,947	\$74,333	(\$24,674)	(\$138,738)	(\$267,534)	(\$411,703)	(\$571,907)	(\$748,829)	(\$943,178)	(\$1,155,682)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$262,000	\$225,823	\$157,947	\$169,833	\$261,825	\$434,262	\$591,967	\$734,299	\$860,595	\$970,173	\$1,062,325	
Plus: Total Revenue After Proposed Adjustments		451,193	434,115	528,936	624,555	720,976	722,700	724,277	725,700	726,963	728,059	728,981	
Less: Revenue Requirements & Capital Funding		487,370	501,991	517,051	532,562	548,539	564,995	581,945	599,404	617,386	635,907	654,984	
Ending Balance - Including Rate Adjustments		\$225,823	\$157,947	\$169,833	\$261,825	\$434,262	\$591,967	\$734,299	\$860,595	\$970,173	\$1,062,325	\$1,136,321	
Operating Fund Min. Target Balance (50% O&M)		\$243,685	\$250,996	\$258,525	\$266,281	\$274,270	\$282,498	\$290,973	\$299,702	\$308,693	\$317,954	\$327,492	
Operating Fund Target Balance (100% O&M)		487,370	501,991	517,051	532,562	548,539	564,995	581,945	599,404	617,386	635,907	654,984	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 12 - Topanga - Revenue Requirement

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SMD Con Topanga Zone Fund - GC3

	Actuals		Projected										Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	\$230,750	Calc'd on RPR
Misc Revenue													
PY Sewer	\$4,110	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	\$1,704	As Other Revenue
Pen Int & Costs-Del Taxes Sec	1,926	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	As Other Revenue
Interest from Treasury Pool Deposits	4,487	6,456	1,511	1,206	1,173	1,412	1,924	2,354	2,699	2,955	3,118	3,185	As Other Revenue
Other Govmntl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$10,523	\$9,343	\$4,398	\$4,093	\$4,059	\$4,299	\$4,811	\$5,241	\$5,586	\$5,841	\$6,004	\$6,071	
Total Revenue	\$241,273	\$240,093	\$235,148	\$234,843	\$234,809	\$235,049	\$235,561	\$235,991	\$236,336	\$236,591	\$236,754	\$236,821	
110 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
120 Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Equipment
130 Materials	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
140 Contract Payments	244,950	257,730	265,462	273,426	281,629	290,077	298,780	307,743	316,975	326,485	336,279	346,368	As Professional Services
150 Miscellaneous Charges	139	230	237	244	251	259	266	274	283	291	300	309	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$245,089	\$257,960	\$265,699	\$273,669	\$281,880	\$290,336	\$299,046	\$308,017	\$317,258	\$326,776	\$336,579	\$346,676	
		5.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvemen	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Topanga Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Topanga Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$245,089	\$257,960	\$265,699	\$273,669	\$281,880	\$290,336	\$299,046	\$308,017	\$317,258	\$326,776	\$336,579	\$346,676	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 12 - Topanga - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$17,867)	(\$30,551)	(\$38,827)	(\$47,070)	(\$55,287)	(\$63,485)	(\$72,027)	(\$80,922)	(\$90,184)	(\$99,824)	(\$109,855)	
Rate Adjust. as a % of Rate Rev		7.7%	13.2%	14.6%	15.6%	16.4%	18.8%	21.4%	24.0%	26.7%	29.6%	32.6%	
Proposed Rate Adjustment		0.0%	0.0%	15.4%	13.3%	11.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$35,500	\$71,000	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	\$106,500	
Net Bal/(Def) of Funds After Rate Adj.		(\$17,867)	(\$30,551)	(\$3,327)	\$23,930	\$51,213	\$43,015	\$34,473	\$25,578	\$16,316	\$6,676	(\$3,355)	
Additional Rate Increase Needed		7.7%	13.2%	1.2%	-7.9%	-15.2%	-12.8%	-10.2%	-7.6%	-4.8%	-2.0%	1.0%	
Average Residential Customer Bill			\$650.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$650.00	\$750.00	\$850.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00	
Bill Difference - Annually				100.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$100.00	\$200.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	
Rate Revenue After Proposed Adjustment		\$230,750	\$230,750	\$266,250	\$301,750	\$337,250	\$337,250	\$337,250	\$337,250	\$337,250	\$337,250	\$337,250	
Total Revenue After Proposed Adjustment		\$240,093	\$235,148	\$270,343	\$305,809	\$341,549	\$342,061	\$342,491	\$342,836	\$343,091	\$343,254	\$343,321	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$169,000	\$151,133	\$120,582	\$81,755	\$34,685	(\$20,602)	(\$84,088)	(\$156,114)	(\$237,037)	(\$327,221)	(\$427,046)	
Plus: Total Revenue		240,093	235,148	234,843	234,809	235,049	235,561	235,991	236,336	236,591	236,754	236,821	
Less: Revenue Requirements & Capital Funding		257,960	265,699	273,669	281,880	290,336	299,046	308,017	317,258	326,776	336,579	346,676	
Ending Balance		\$151,133	\$120,582	\$81,755	\$34,685	(\$20,602)	(\$84,088)	(\$156,114)	(\$237,037)	(\$327,221)	(\$427,046)	(\$536,901)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$169,000	\$151,133	\$120,582	\$117,255	\$141,185	\$192,398	\$235,412	\$269,886	\$295,463	\$311,779	\$318,454	
Plus: Total Revenue After Proposed Adjustments		240,093	235,148	270,343	305,809	341,549	342,061	342,491	342,836	343,091	343,254	343,321	
Less: Revenue Requirements & Capital Funding		257,960	265,699	273,669	281,880	290,336	299,046	308,017	317,258	326,776	336,579	346,676	
Ending Balance - Including Rate Adjustments		\$151,133	\$120,582	\$117,255	\$141,185	\$192,398	\$235,412	\$269,886	\$295,463	\$311,779	\$318,454	\$315,099	
Operating Fund Min. Target Balance (50% O&M)		\$128,980	\$132,849	\$136,835	\$140,940	\$145,168	\$149,523	\$154,009	\$158,629	\$163,388	\$168,289	\$173,338	
Operating Fund Target Balance (100% O&M)		257,960	265,699	273,669	281,880	290,336	299,046	308,017	317,258	326,776	336,579	346,676	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 13 - Trancas - Revenue Requirement

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SMD ConTrancas Zone Fund - GC4

	Actuals				Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$739,880	\$870,181	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	\$904,869	Calc'd on RPR
Misc Revenue													
PY Sewer	\$10,555	(\$5,637)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Cancelled Commitment	54,708	21,080	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	6,535	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	As Other Revenue
Interest from Treasury Pool Deposits	7,346	12,266	1,851	2,712	3,334	3,709	3,826	3,675	3,244	2,524	1,502	167	As Other Revenue
Other Govmmnt Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$79,144	\$28,784	\$2,926	\$3,787	\$4,409	\$4,784	\$4,901	\$4,750	\$4,319	\$3,599	\$2,577	\$1,242	
Total Revenue	\$819,024	\$898,965	\$907,795	\$908,656	\$909,278	\$909,653	\$909,770	\$909,619	\$909,188	\$908,468	\$907,446	\$906,111	
110 Labor	\$430,544	\$411,181	\$423,517	\$436,222	\$449,309	\$462,788	\$476,672	\$490,972	\$505,701	\$520,872	\$536,498	\$552,593	As Labor
120 Equipment	81,181	61,551	63,397	65,299	67,258	69,276	71,354	73,495	75,699	77,970	80,310	82,719	As Equipment
130 Materials	29,517	16,946	17,455	17,978	18,518	19,073	19,645	20,235	20,842	21,467	22,111	22,774	As Materials & Supplies
140 Contract Payments	67,364	125,411	129,173	133,048	137,040	141,151	145,386	149,747	154,240	158,867	163,633	168,542	As Professional Services
150 Miscellaneous Charges	163,062	180,162	185,566	191,133	196,867	202,773	208,857	215,122	221,576	228,223	235,070	242,122	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	3,083	2,585	2,662	2,742	2,825	2,909	2,997	3,087	3,179	3,275	3,373	3,474	As Miscellaneous
Total Operating & Maintenance Expenses	\$774,752	\$797,835	\$821,771	\$846,424	\$871,816	\$897,971	\$924,910	\$952,657	\$981,237	\$1,010,674	\$1,040,994	\$1,072,224	
		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Trancas Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	
To Trancas Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	\$424,098	
Revenue Requirements - O&M, Debt Service, Capital	\$774,752	\$797,835	\$821,771	\$1,270,522	\$1,295,914	\$1,322,069	\$1,349,008	\$1,376,755	\$1,405,335	\$1,434,772	\$1,465,092	\$1,496,322	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 13 - Trancas - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		\$101,130	\$86,025	(\$361,866)	(\$386,636)	(\$412,416)	(\$439,238)	(\$467,137)	(\$496,147)	(\$526,304)	(\$557,646)	(\$590,211)	
Rate Adjust. as a % of Rate Rev		-11.6%	-9.5%	27.2%	29.1%	31.0%	33.1%	35.1%	37.3%	39.6%	42.0%	44.4%	
Proposed Rate Adjustment		0.0%	0.0%	46.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$424,115	\$424,115	\$424,115	\$424,115	\$424,115	\$424,115	\$424,115	\$424,115	\$424,115	
Net Bal/(Def) of Funds After Rate Adj.		\$101,130	\$86,025	\$62,249	\$37,479	\$11,699	(\$15,123)	(\$43,022)	(\$72,032)	(\$102,189)	(\$133,531)	(\$166,096)	
Additional Rate Increase Needed		-11.6%	-9.5%	-4.7%	-2.8%	-0.9%	1.1%	3.2%	5.4%	7.7%	10.0%	12.5%	
Average Residential Customer Bill			\$3,339.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$3,339.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	
Bill Difference - Annually				1,565.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	\$1,565.00	
Rate Revenue After Proposed Adjustment		\$870,181	\$904,869	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	\$1,328,984	
Total Revenue After Proposed Adjustment		\$898,965	\$907,795	\$1,332,771	\$1,333,393	\$1,333,768	\$1,333,885	\$1,333,734	\$1,333,303	\$1,332,583	\$1,331,561	\$1,330,226	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$84,000	\$185,130	\$271,155	(\$90,711)	(\$477,348)	(\$889,764)	(\$1,329,002)	(\$1,796,138)	(\$2,292,285)	(\$2,818,589)	(\$3,376,235)	
Plus: Total Revenue		898,965	907,795	908,656	909,278	909,653	909,770	909,619	909,188	908,468	907,446	906,111	
Less: Revenue Requirements & Capital Funding		797,835	821,771	1,270,522	1,295,914	1,322,069	1,349,008	1,376,755	1,405,335	1,434,772	1,465,092	1,496,322	
Ending Balance		\$185,130	\$271,155	(\$90,711)	(\$477,348)	(\$889,764)	(\$1,329,002)	(\$1,796,138)	(\$2,292,285)	(\$2,818,589)	(\$3,376,235)	(\$3,966,446)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$84,000	\$185,130	\$271,155	\$333,404	\$370,882	\$382,581	\$367,458	\$324,437	\$252,405	\$150,216	\$16,685	
Plus: Total Revenue After Proposed Adjustments		898,965	907,795	1,332,771	1,333,393	1,333,768	1,333,885	1,333,734	1,333,303	1,332,583	1,331,561	1,330,226	
Less: Revenue Requirements & Capital Funding		797,835	821,771	1,270,522	1,295,914	1,322,069	1,349,008	1,376,755	1,405,335	1,434,772	1,465,092	1,496,322	
Ending Balance - Including Rate Adjustmentss		\$185,130	\$271,155	\$333,404	\$370,882	\$382,581	\$367,458	\$324,437	\$252,405	\$150,216	\$16,685	(\$149,411)	
Operating Fund Min. Target Balance (50% O&M)		\$398,918	\$410,885	\$423,212	\$435,908	\$448,985	\$462,455	\$476,329	\$490,618	\$505,337	\$520,497	\$536,112	
Operating Fund Target Balance (100% O&M)		797,835	821,771	846,424	871,816	897,971	924,910	952,657	981,237	1,010,674	1,040,994	1,072,224	

SMD Con Malibu Mesa Zone Fund - GC5

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	\$967,242	Calc'd on RPR
Misc Revenue													
PY - Sewer Service	\$873	\$99	\$99	\$99	\$99	\$99	\$99	\$99	\$99	\$99	\$99	\$99	As Other Revenue
Cancelled Commitment	10,621	53,522	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	489	387	387	387	387	387	387	387	387	387	387	387	As Other Revenue
Interest from Treasury Pool Deposits	53,374	72,132	15,427	13,767	11,974	11,785	13,207	14,267	14,949	15,238	15,119	14,574	As Other Revenue
Other Govmmtl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$65,357	\$126,139	\$15,913	\$14,253	\$12,459	\$12,271	\$13,693	\$14,752	\$15,435	\$15,724	\$15,604	\$15,060	
Total Revenue	\$1,032,599	\$1,093,381	\$983,155	\$981,495	\$979,701	\$979,513	\$980,935	\$981,994	\$982,677	\$982,966	\$982,846	\$982,302	
110 Labor	\$781,078	\$802,575	\$826,652	\$851,451	\$876,995	\$903,305	\$930,404	\$958,316	\$987,066	\$1,016,678	\$1,047,178	\$1,078,593	As Labor
120 Equipment	46,006	28,596	29,454	30,337	31,247	32,185	33,150	34,145	35,169	36,224	37,311	38,430	As Equipment
130 Materials	46,578	42,447	43,720	45,032	46,383	47,774	49,207	50,684	52,204	53,770	55,383	57,045	As Materials & Supplies
140 Contract Payments	73,882	37,430	38,553	39,709	40,900	42,127	43,391	44,693	46,034	47,415	48,837	50,302	As Professional Services
150 Miscellaneous Charges	198,093	203,767	209,880	216,176	222,661	229,341	236,221	243,308	250,607	258,126	265,869	273,845	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	2,731	869	895	922	950	978	1,007	1,038	1,069	1,101	1,134	1,168	As Miscellaneous
Total Operating & Maintenance Expenses	\$1,148,368	\$1,115,682	\$1,149,153	\$1,183,627	\$1,219,136	\$1,255,710	\$1,293,382	\$1,332,183	\$1,372,149	\$1,413,313	\$1,455,712	\$1,499,384	
		-2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Malibu Mesa Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	30 years @ 2.3%
Additional Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	
To Malibu Mesa Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	
Revenue Requirements - O&M, Debt Service, Capital	\$1,148,368	\$1,115,682	\$1,149,153	\$1,358,627	\$1,394,136	\$1,430,710	\$1,468,382	\$1,507,183	\$1,547,149	\$1,588,313	\$1,630,712	\$1,674,384	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 14 - Malibu Mesa - Rate Adjustment

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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$22,301)	(\$165,998)	(\$377,133)	(\$414,435)	(\$451,198)	(\$487,447)	(\$525,189)	(\$564,472)	(\$605,347)	(\$647,866)	(\$692,082)	
Rate Adjust. as a % of Rate Rev		2.3%	17.2%	32.4%	30.4%	28.9%	31.2%	33.7%	36.2%	38.8%	41.5%	44.3%	
Proposed Rate Adjustment		0.0%	0.0%	20.4%	17.0%	14.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$197,800	\$395,600	\$593,400	\$593,400	\$593,400	\$593,400	\$593,400	\$593,400	\$593,400	
Net Bal/(Def) of Funds After Rate Adj.		(\$22,301)	(\$165,998)	(\$179,333)	(\$18,835)	\$142,202	\$105,953	\$68,211	\$28,928	(\$11,947)	(\$54,466)	(\$98,682)	
Additional Rate Increase Needed		2.3%	17.2%	15.4%	1.4%	-9.1%	-6.8%	-4.4%	-1.9%	0.8%	3.5%	6.3%	
Average Residential Customer Bill			\$978.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$978.00	\$1,178.00	\$1,378.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	
Bill Difference - Annually				200.00	200.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$200.00	\$400.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	
Rate Revenue After Proposed Adjustment		\$967,242	\$967,242	\$1,165,042	\$1,362,842	\$1,560,642	\$1,560,642	\$1,560,642	\$1,560,642	\$1,560,642	\$1,560,642	\$1,560,642	
Total Revenue After Proposed Adjustment		\$1,093,381	\$983,155	\$1,179,295	\$1,375,301	\$1,572,913	\$1,574,335	\$1,575,394	\$1,576,077	\$1,576,366	\$1,576,246	\$1,575,702	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$1,565,000	\$1,542,699	\$1,376,700	\$999,568	\$585,132	\$133,935	(\$353,512)	(\$878,701)	(\$1,443,173)	(\$2,048,520)	(\$2,696,386)	
Plus: Total Revenue		1,093,381	983,155	981,495	979,701	979,513	980,935	981,994	982,677	982,966	982,846	982,302	
Less: Revenue Requirements & Capital Funding		1,115,682	1,149,153	1,358,627	1,394,136	1,430,710	1,468,382	1,507,183	1,547,149	1,588,313	1,630,712	1,674,384	
Ending Balance		\$1,542,699	\$1,376,700	\$999,568	\$585,132	\$133,935	(\$353,512)	(\$878,701)	(\$1,443,173)	(\$2,048,520)	(\$2,696,386)	(\$3,388,468)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$1,565,000	\$1,542,699	\$1,376,700	\$1,197,368	\$1,178,532	\$1,320,735	\$1,426,688	\$1,494,899	\$1,523,827	\$1,511,880	\$1,457,414	
Plus: Total Revenue After Proposed Adjustments		1,093,381	983,155	1,179,295	1,375,301	1,572,913	1,574,335	1,575,394	1,576,077	1,576,366	1,576,246	1,575,702	
Less: Revenue Requirements & Capital Funding		1,115,682	1,149,153	1,358,627	1,394,136	1,430,710	1,468,382	1,507,183	1,547,149	1,588,313	1,630,712	1,674,384	
Ending Balance - Including Rate Adjustmentss		\$1,542,699	\$1,376,700	\$1,197,368	\$1,178,532	\$1,320,735	\$1,426,688	\$1,494,899	\$1,523,827	\$1,511,880	\$1,457,414	\$1,358,732	
Operating Fund Min. Target Balance (50% O&M)		\$557,841	\$574,576	\$591,814	\$609,568	\$627,855	\$646,691	\$666,092	\$686,074	\$706,657	\$727,856	\$749,692	
Operating Fund Target Balance (100% O&M)		1,115,682	1,149,153	1,183,627	1,219,136	1,255,710	1,293,382	1,332,183	1,372,149	1,413,313	1,455,712	1,499,384	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 15 - Marina - Revenue Requirement

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SMD Marina Fund - GC6

	Actuals				Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$1,753,780	\$1,700,945	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	\$1,781,630	Calc'd on RPR
Misc Revenue													
PY - Sewer Service	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Cancelled Commitment	16,797	73,030	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	234,263	311,219	29,161	23,585	24,582	32,141	46,245	58,901	70,002	3,097	9,977	14,931	As Other Revenue
Accidents	21,064	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Prior Self-Pay	21	1,763	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Govnmntl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$272,172	\$386,011	\$29,161	\$23,585	\$24,582	\$32,141	\$46,245	\$58,901	\$70,002	\$3,097	\$9,977	\$14,931	
Total Revenue	\$2,025,952	\$2,086,957	\$1,810,791	\$1,805,215	\$1,806,212	\$1,813,771	\$1,827,875	\$1,840,531	\$1,851,632	\$1,784,727	\$1,791,607	\$1,796,561	
110 Labor	\$242,755	\$174,431	\$179,664	\$185,054	\$190,605	\$196,324	\$202,213	\$208,280	\$214,528	\$220,964	\$227,593	\$234,421	As Labor
120 Equipment	65,770	54,801	56,445	58,139	59,883	61,679	63,530	65,436	67,399	69,421	71,503	73,648	As Equipment
130 Materials	23,024	14,278	14,706	15,148	15,602	16,070	16,552	17,049	17,560	18,087	18,630	19,189	As Materials & Supplies
140 Contract Payments	2,463,028	2,529,880	2,100,650	2,226,689	2,360,290	2,501,908	2,652,022	2,811,144	2,979,812	3,158,601	3,348,117	3,549,004	As Professional Services
150 Miscellaneous Charges	18,107	16,473	16,967	17,476	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Repty Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$2,812,684	\$2,789,863	\$2,368,433	\$2,502,505	\$2,644,381	\$2,794,521	\$2,953,414	\$3,121,577	\$3,299,559	\$3,487,940	\$3,687,336	\$3,898,399	
				5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	
181 Capital Assets - Building&Improvenem	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	394,580	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$394,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,633,676	\$0	\$0	\$0	
Less: Other funding													
From Marina Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,633,676	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Marina Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capi	\$3,207,264	\$2,789,863	\$2,368,433	\$2,502,505	\$2,644,381	\$2,794,521	\$2,953,414	\$3,121,577	\$10,933,234	\$3,487,940	\$3,687,336	\$3,898,399	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 15 - Marina - Rate Adjustment

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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$702,906)	(\$557,642)	(\$697,290)	(\$838,169)	(\$980,750)	(\$1,125,539)	(\$1,281,046)	(\$9,081,602)	(\$1,703,212)	(\$1,895,729)	(\$2,101,839)	
Rate Adjust. as a % of Rate Rev		41.3%	31.3%	27.0%	24.8%	23.5%	27.0%	30.7%	217.6%	40.8%	45.4%	50.4%	
Proposed Rate Adjustment		0.0%	0.0%	44.7%	30.9%	23.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$797,045	\$1,594,090	\$2,391,135	\$2,391,135	\$2,391,135	\$2,391,135	\$2,391,135	\$2,391,135	\$2,391,135	
Net Bal/(Def) of Funds After Rate Adj.		(\$702,906)	(\$557,642)	\$99,755	\$755,921	\$1,410,385	\$1,265,596	\$1,110,089	(\$6,690,467)	\$687,923	\$495,406	\$289,296	
Additional Rate Increase Needed		41.3%	31.3%	-3.9%	-22.4%	-33.8%	-30.3%	-26.6%	160.3%	-16.5%	-11.9%	-6.9%	
Average Residential Customer Bill			\$190.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$190.00	\$275.00	\$360.00	\$445.00	\$445.00	\$445.00	\$445.00	\$445.00	\$445.00	\$445.00	
Bill Difference - Annually				85.00	85.00	85.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$85.00	\$170.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	
Rate Revenue After Proposed Adjustment		\$1,700,945	\$1,781,630	\$2,578,675	\$3,375,720	\$4,172,765	\$4,172,765	\$4,172,765	\$4,172,765	\$4,172,765	\$4,172,765	\$4,172,765	
Total Revenue After Proposed Adjustment		\$2,086,957	\$1,810,791	\$2,602,260	\$3,400,302	\$4,204,906	\$4,219,010	\$4,231,666	\$4,242,767	\$4,175,862	\$4,182,742	\$4,187,696	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$3,619,000	\$2,916,094	\$2,358,452	\$1,661,162	\$822,993	(\$157,757)	(\$1,283,296)	(\$2,564,341)	(\$11,645,944)	(\$13,349,156)	(\$15,244,885)	
Plus: Total Revenue		2,086,957	1,810,791	1,805,215	1,806,212	1,813,771	1,827,875	1,840,531	1,851,632	1,784,727	1,791,607	1,796,561	
Less: Revenue Requirements & Capital Funding		2,789,863	2,368,433	2,502,505	2,644,381	2,794,521	2,953,414	3,121,577	10,933,234	3,487,940	3,687,336	3,898,399	
Ending Balance		\$2,916,094	\$2,358,452	\$1,661,162	\$822,993	(\$157,757)	(\$1,283,296)	(\$2,564,341)	(\$11,645,944)	(\$13,349,156)	(\$15,244,885)	(\$17,346,724)	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$3,619,000	\$2,916,094	\$2,358,452	\$2,458,207	\$3,214,128	\$4,624,513	\$5,890,109	\$7,000,199	\$309,731	\$997,654	\$1,493,060	
Plus: Total Revenue After Proposed Adjustments		2,086,957	1,810,791	2,602,260	3,400,302	4,204,906	4,219,010	4,231,666	4,242,767	4,175,862	4,182,742	4,187,696	
Less: Revenue Requirements & Capital Funding		2,789,863	2,368,433	2,502,505	2,644,381	2,794,521	2,953,414	3,121,577	10,933,234	3,487,940	3,687,336	3,898,399	
Ending Balance - Including Rate Adjustments		\$2,916,094	\$2,358,452	\$2,458,207	\$3,214,128	\$4,624,513	\$5,890,109	\$7,000,199	\$309,731	\$997,654	\$1,493,060	\$1,782,356	
Operating Fund Min. Target Balance (50% O&M)		\$1,394,932	\$1,184,216	\$1,251,253	\$1,322,190	\$1,397,260	\$1,476,707	\$1,560,788	\$1,649,779	\$1,743,970	\$1,843,668	\$1,949,200	
Operating Fund Target Balance (100% O&M)		2,789,863	2,368,433	2,502,505	2,644,381	2,794,521	2,953,414	3,121,577	3,299,559	3,487,940	3,687,336	3,898,399	

SMD Lake Hughes Zone Fund - GC9

	Actuals					Projected							Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$288,204	\$331,632	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	\$344,886	Calc'd on RPR
Misc Revenue													
PY - Sewer Service	(\$4,436)	(\$6,876)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Cancelled Commitment	4,530	4,657	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	4,966	7,195	7,195	7,195	7,195	7,195	7,195	7,195	7,195	7,195	7,195	7,195	As Other Revenue
Interest from Treasury Pool Deposits	3,304	3,149	253	959	1,656	2,343	2,948	3,467	3,895	4,230	4,467	4,603	As Other Revenue
Other Govmntl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$8,364	\$8,125	\$7,448	\$8,154	\$8,851	\$9,538	\$10,143	\$10,662	\$11,090	\$11,425	\$11,662	\$11,798	
Total Revenue	\$296,568	\$339,757	\$352,334	\$353,040	\$353,737	\$354,424	\$355,029	\$355,548	\$355,976	\$356,311	\$356,548	\$356,684	
110 Labor	\$193,967	\$204,498	\$178,525	\$183,881	\$189,397	\$195,079	\$200,932	\$206,959	\$213,168	\$219,563	\$226,150	\$232,935	As Labor
120 Equipment	636	7,828	2,515	2,590	2,668	2,748	2,830	2,915	3,002	3,093	3,185	3,281	As Equipment
130 Materials	16,282	27,736	17,962	18,501	19,056	19,627	20,216	20,823	21,447	22,091	22,753	23,436	As Materials & Supplies
140 Contract Payments	5,691	48,421	5,045	5,197	5,353	5,513	5,679	5,849	6,024	6,205	6,391	6,583	As Professional Services
150 Miscellaneous Charges	79,636	91,991	77,711	80,043	82,444	84,917	87,465	90,089	92,791	95,575	98,442	101,396	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$296,212	\$380,474	\$281,758	\$290,211	\$298,917	\$307,885	\$317,121	\$326,635	\$336,434	\$346,527	\$356,923	\$367,630	
				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
181 Capital Assets - Building&Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Lake Hughes Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Lake Hughes Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$296,212	\$380,474	\$281,758	\$290,211	\$298,917	\$307,885	\$317,121	\$326,635	\$336,434	\$346,527	\$356,923	\$367,630	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 16 - Lake Hughes - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		(\$40,717)	\$70,576	\$62,829	\$54,820	\$46,540	\$37,908	\$28,913	\$19,542	\$9,784	(\$375)	(\$10,947)	
Rate Adjust. as a % of Rate Rev		12.3%	-20.5%	-17.9%	-15.3%	-13.0%	-10.6%	-8.1%	-5.4%	-2.7%	0.1%	3.1%	
Proposed Rate Adjustment		0.0%	0.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$6,898	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	\$13,933	
Net Bal/(Def) of Funds After Rate Adj.		(\$40,717)	\$70,576	\$69,727	\$68,753	\$60,473	\$51,841	\$42,846	\$33,476	\$23,717	\$13,559	\$2,987	
Additional Rate Increase Needed		12.3%	-20.5%	-19.8%	-19.2%	-16.9%	-14.4%	-11.9%	-9.3%	-6.6%	-3.8%	-0.8%	
Average Residential Customer Bill			\$1,223.00	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$1,223.00	\$1,247.46	\$1,272.41	\$1,272.41	\$1,272.41	\$1,272.41	\$1,272.41	\$1,272.41	\$1,272.41	\$1,272.41	
Bill Difference - Annually				24.46	24.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$24.46	\$49.41	\$49.41	\$49.41	\$49.41	\$49.41	\$49.41	\$49.41	\$49.41	
Rate Revenue After Proposed Adjustment		\$331,632	\$344,886	\$351,784	\$358,819	\$358,819	\$358,819	\$358,819	\$358,819	\$358,819	\$358,819	\$358,819	
Total Revenue After Proposed Adjustment		\$339,757	\$352,334	\$359,937	\$367,670	\$368,358	\$368,963	\$369,481	\$369,909	\$370,244	\$370,481	\$370,617	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$66,000	\$25,283	\$95,859	\$158,688	\$213,508	\$260,047	\$297,956	\$326,868	\$346,411	\$356,195	\$355,820	
Plus: Total Revenue		339,757	352,334	353,040	353,737	354,424	355,029	355,548	355,976	356,311	356,548	356,684	
Less: Revenue Requirements & Capital Funding		380,474	281,758	290,211	298,917	307,885	317,121	326,635	336,434	346,527	356,923	367,630	
Ending Balance		\$25,283	\$95,859	\$158,688	\$213,508	\$260,047	\$297,956	\$326,868	\$346,411	\$356,195	\$355,820	\$344,873	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$66,000	\$25,283	\$95,859	\$165,585	\$234,339	\$294,812	\$346,653	\$389,500	\$422,975	\$446,693	\$460,252	
Plus: Total Revenue After Proposed Adjustments		339,757	352,334	359,937	367,670	368,358	368,963	369,481	369,909	370,244	370,481	370,617	
Less: Revenue Requirements & Capital Funding		380,474	281,758	290,211	298,917	307,885	317,121	326,635	336,434	346,527	356,923	367,630	
Ending Balance - Including Rate Adjustments		\$25,283	\$95,859	\$165,585	\$234,339	\$294,812	\$346,653	\$389,500	\$422,975	\$446,693	\$460,252	\$463,238	
Operating Fund Min. Target Balance (50% O&M)		\$190,237	\$140,879	\$145,105	\$149,458	\$153,942	\$158,561	\$163,317	\$168,217	\$173,263	\$178,461	\$183,815	
Operating Fund Target Balance (100% O&M)		380,474	281,758	290,211	298,917	307,885	317,121	326,635	336,434	346,527	356,923	367,630	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 17 - Brassie Lane - Revenue Requirement

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SMD Brassie Lane Zone Fund - GD2

	Actuals				Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
Rate Revenue	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	Calc'd on RPR
Misc Revenue													
PY Sewer Service	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Revenue
Pen Int & Costs-Del Taxes Sec	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Interest from Treasury Pool Deposits	106	154	32	33	34	35	36	37	38	39	40	41	As Other Revenue
Other Govmmtl Agencies	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Sewer Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Reimbursement Project Cities	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Other Charges For Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Contract Cities - Various Services	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Special Dist Annex Fees	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Tap & Saddle	0	0	0	0	0	0	0	0	0	0	0	0	As Other Revenue
Total Other Revenue	\$106	\$154	\$32	\$33	\$34	\$35	\$36	\$37	\$38	\$39	\$40	\$41	
Total Revenue	\$423	\$471	\$349	\$350	\$351	\$352	\$353	\$354	\$355	\$356	\$357	\$358	
110 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
120 Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Equipment
130 Materials	0	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
140 Contract Payments	210	200	200	200	200	200	200	200	200	200	200	200	As Professional Services
150 Miscellaneous Charges	55	55	55	55	55	55	55	55	55	55	55	55	As Miscellaneous
160 Indirects	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
170 Other Charges	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
200 Operating Transfers	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
999 No Genrl Reptg Catg (Do Not Budget)	0	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Operating & Maintenance Expenses	\$265	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	
		-3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
181 Capital Assets - Building&Improvemen	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Repairs & Maintenance
182 Capital Assets - Equipment	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
184 Capital Assets - Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	As Repairs & Maintenance
Total Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Other funding													
From Brassie Lane Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
From J14 - ACO Reserves	0	0	0	0	0	0	0	0	0	0	0	0	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	
Other Long Term Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	
Rate Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service													
Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bond	0	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Reserves													
To ACO Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Brassie Lane Reserves		0	0	0	0	0	0	0	0	0	0	0	
Total change in Working Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Requirements - O&M, Debt Service, Capital	\$265	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255	

Los Angeles County Public Works
Sewer Utility
Revenue Requirement
Exhibit 17 - Brassie Lane - Rate Adjustment

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	Notes
Balance/(Deficiency) of Funds		\$216	\$94	\$95	\$96	\$97	\$98	\$99	\$100	\$101	\$102	\$103	
Rate Adjust. as a % of Rate Rev		-68.2%	-29.7%	-30.0%	-30.3%	-30.7%	-31.0%	-31.3%	-31.6%	-31.9%	-32.2%	-32.5%	
Proposed Rate Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Add'l Rev from Proposed Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Bal/(Def) of Funds After Rate Adj.		\$216	\$94	\$95	\$96	\$97	\$98	\$99	\$100	\$101	\$102	\$103	
Additional Rate Increase Needed		-68.2%	-29.7%	-30.0%	-30.3%	-30.7%	-31.0%	-31.3%	-31.6%	-31.9%	-32.2%	-32.5%	
Average Residential Customer Bill			\$15.86	Charge Per Sewer Unit Per Year 2025									
Customer Bill on Proposed Adjustment			\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	\$15.86	
Bill Difference - Annually				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative Bill Difference				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Rate Revenue After Proposed Adjustment		\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	\$317	
Total Revenue After Proposed Adjustment		\$471	\$349	\$350	\$351	\$352	\$353	\$354	\$355	\$356	\$357	\$358	
Cash Reserves													
Operating Fund-Sewer Before Rate Adjustment													
Beginning Fund Balance		\$3,000	\$3,216	\$3,311	\$3,406	\$3,502	\$3,599	\$3,698	\$3,797	\$3,897	\$3,998	\$4,100	
Plus: Total Revenue		471	349	350	351	352	353	354	355	356	357	358	
Less: Revenue Requirements & Capital Funding		255	255	255	255	255	255	255	255	255	255	255	
Ending Balance		\$3,216	\$3,311	\$3,406	\$3,502	\$3,599	\$3,698	\$3,797	\$3,897	\$3,998	\$4,100	\$4,204	
Operating Fund-Sewer After Rate Adjustment													
Beginning Fund Balance		\$3,000	\$3,216	\$3,311	\$3,406	\$3,502	\$3,599	\$3,698	\$3,797	\$3,897	\$3,998	\$4,100	
Plus: Total Revenue After Proposed Adjustments		471	349	350	351	352	353	354	355	356	357	358	
Less: Revenue Requirements & Capital Funding		255	255	255	255	255	255	255	255	255	255	255	
Ending Balance - Including Rate Adjustments		\$3,216	\$3,311	\$3,406	\$3,502	\$3,599	\$3,698	\$3,797	\$3,897	\$3,998	\$4,100	\$4,204	
Operating Fund Min. Target Balance (50% O&M)		\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	
Operating Fund Target Balance (100% O&M)		255	255	255	255	255	255	255	255	255	255	255	

Los Angeles County Public Works

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Sewer Utility

Current Rates & Rate Adjustment Schedule

Sewer Maint Dist Consolidated ACO - J14 - Exhibit 18

	<i>Present Rates</i>										
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<i>Proposed Rate Adj.</i>		0.0%	66.7%	33.3%	20.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
Per Sewer Unit	\$9.00	\$9.00	\$15.00	\$20.00	\$24.00	\$24.48	\$24.97	\$24.97	\$24.97	\$24.97	\$24.97
Annual Change (\$)			\$6.00	\$5.00	\$4.00	\$0.48	\$0.49	\$0.00	\$0.00	\$0.00	\$0.00

Sewer Maint Dist Consolidated - GA9 - Exhibit 18

	<i>Present Rates</i>										
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<i>Proposed Rate Adj.</i>		0.0%	19.3%	18.2%	17.1%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
Per Sewer Unit	\$41.50	\$41.50	\$49.50	\$58.50	\$68.50	\$69.87	\$71.27	\$71.27	\$71.27	\$71.27	\$71.27
Annual Change (\$)			\$8.00	\$9.00	\$10.00	\$1.37	\$1.40	\$0.00	\$0.00	\$0.00	\$0.00

SMD Con Aneta Zone Fund - GB1 - Exhibit 18

	<i>Present Rates</i>										
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<i>Proposed Rate Adj.</i>		0.0%	2.0%	2.0%	10.0%	8.0%	7.0%	0.0%	0.0%	0.0%	0.0%
Per Sewer Unit	\$202.00	\$210.00	\$214.20	\$218.48	\$240.33	\$259.56	\$277.73	\$277.73	\$277.73	\$277.73	\$277.73
Annual Change (\$)			\$4.20	\$4.28	\$21.85	\$19.23	\$18.17	\$0.00	\$0.00	\$0.00	\$0.00

[illegible]

SMD Malibu Zone Fund - GB8 - Exhibit 18

	Present Rates										
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Proposed Rate Adj.		0.0%	22.1%	18.1%	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Per Individual Parcel	\$2,258.00	\$2,258.00	\$2,758.00	\$3,258.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00	\$3,758.00
Annual Change (\$)			\$500.00	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SMD Summit Road Zone - GC2 - Exhibit 18

[illegible]

	<i>Present Rates</i>		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
	FY 2024	FY 2025									
<i>Proposed Rate Adj.</i>		<i>0.0%</i>	<i>15.4%</i>	<i>13.3%</i>	<i>11.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Per Individual Parcel	\$650.00	\$650.00	\$750.00	\$850.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00	\$950.00
Annual Change (\$)			\$100.00	\$100.00	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SMD Con Trancas Zone Fund - GC4 - Exhibit 18

	<i>Present Rates</i>		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
	FY 2024	FY 2025									
<i>Proposed Rate Adj.</i>		<i>0.0%</i>	<i>46.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Per Sewer Unit	\$3,211.00	\$3,339.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00	\$4,904.00
Annual Change (\$)			\$1,565.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SMD Con Malibu Mesa Zone Fund - GC5 - Exhibit 18

	<i>Present Rates</i>		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
	FY 2024	FY 2025									
<i>Proposed Rate Adj.</i>		<i>0.0%</i>	<i>20.4%</i>	<i>17.0%</i>	<i>14.5%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Per Sewer Unit	\$978.00	\$978.00	\$1,178.00	\$1,378.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00	\$1,578.00
Annual Change (\$)			\$200.00	\$200.00	\$200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SMD Lake Hughes Zone Fund - GC9 - Exhibit 18

SMD Brassie Lane Zone Fund - GD2 - Exhibit 18

[illegible]

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
Residential	
Vacant residential property	0.5
Single residential unit	1.0
Double, duplex, or two units	2.0
Three units (any combination)	3.0
Four units (any combination)	4.0
Five or more apartments	
4 stories or less, per individual residential unit	1.0
5 stories or more, per individual residential unit	1.0
Modular homes, per individual residential unit	1.0
Mobile homes, per residential unit	1.0
Rooming houses	3.0
Mobile home parks, per individual residential	1.0
Commercial	
Vacant commercial property	0.5
Stores	1.0
Store combination	
Store and office	2.0
Store and residential	2.0
Department stores	5.0
Supermarkets	
12,000 square feet or more	5.0
6,000 through 11,999 square feet	2.0
Small food store	1.0
Shopping centers	

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
Neighborhood, community	10.0
Regional	30.0
Office buildings	5.0
Loft-type building	3.0
Office and residential combination	2.0
Hotels and motels	
Hotels—Under 50 rooms	25.0
Hotels—50 rooms and over	40.0
Motels—Under 50 units	25.0
Motels—50 units and over	40.0
Motel/hotel and apartments	
—Under 50 units	40.0
—50 units and over	60.0
Professional buildings	5.0
Medical/dental buildings	5.0
Veterinary hospitals, clinics	3.0
Restaurants, cocktail lounges	
Restaurants, cocktail lounges, taverns	5.0
Fast food—Walk-up	2.0
Fast food—Auto-oriented	2.0
Wholesale and manufacturing outlets	2.0
Banks, savings and loans	1.0
Service shops	2.0
Service stations	
Full-service	1.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
Self-service	1.0
Station with car wash	5.0
Auto, recreation, construction equipment	
Sales and Service	
Auto service center (no gasoline)	1.0
Auto service shops	1.0
Used car sales	1.0
New car sales and service	3.0
Car wash	5.0
Car wash—Self-service	5.0
Recreation equipment sales and service	1.0
Farm and construction equipment sales and	2.0
Parking lots	0.5
Animal kennels	2.0
Nurseries or greenhouses	1.0
Miscellaneous commercial property	2.0
Industrial	
Vacant industrial property	0.5
Light manufacturing	5.0
Heavy manufacturing	100.0
Warehousing, distribution, storage	2.0
Food processing plants	
Meat and poultry (slaughtering house)	5.0
Beverage	200.0
Other	200.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
<i>Motion picture, radio and television</i>	
Microwave relay towers	1.0
Studios	5.0
Transmission facilities	1.0
Lumber yards	1.0
<i>Mineral processing</i>	
Cement, rock and gravel plants	1.0
Petroleum refineries, chemical plants	200.0
Other mineral processing	1.0
Parking lots	0.5
<i>Open storage</i>	
Trucking companies, terminals	5.0
Contractor storage yards	1.0
Other open storage	1.0
Miscellaneous industrial property	2.0
<i>Agricultural</i>	
General uses	0.5
Dairies	30.0
<i>Recreational</i>	
<i>Theaters</i>	
Movie—Indoor	2.0
Movie—Drive-in	2.0
Legitimate theater	2.0
Bowling alleys	5.0
Clubs, lodge halls, fraternal organizations	2.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
<i>Athletic and amusement facilities</i>	
Auditoriums, stadiums, amphitheaters	10.0
Amusement facilities	10.0
Commercial swimming pools, schools	5.0
Gymnasiums, health spas	2.0
Dance halls	2.0
Tennis courts, clubs, pro shops	2.0
<i>Golf courses</i>	
Nonprofit	3.0
Three-par	3.0
Miniature	1.0
Other golf courses	3.0
Race tracks	25.0
Horse stable—Private	1.0
Camps	10.0
<i>Skating rinks</i>	
Ice	2.0
Roller	2.0
Miscellaneous recreational property	2.0
Vacant recreational property	0.5
<i>Institutional</i>	
Churches	2.0
Church parking lot	0.5
Schools (private)	5.0
Colleges, universities (private)	50.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 19 - Number of Sewage Units for Land Use - All

Number of Current Sewage Units for Land Use - All	
Land Use	Number of Sewage Units
Hospitals	100.0
Convalescent hospitals, nursing homes	50.0
Homes for aged and others	10.0
<i>Cemeteries, mausoleums, mortuaries</i>	
Cemeteries	1.0
Mortuaries, funeral homes	1.0
Miscellaneous institutional property	5.0
Vacant institutional property	0.5
<i>Miscellaneous</i>	
Undesignated	2.0
Vacant undesignated	0.5
<i>Utility; commercial and mutual; pumping</i>	
plants; and state-assessed property	5.0
Mining	1.0
Petroleum and gas	1.0
Pipelines, canals	0.5
Rights-of-way	1.0
Dump sites	2.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 20 - Number of Sewage Units for Land Use - Marina

Number of Current Sewage Units for Land Use - Marina	
Land Use	Number of Sewage Units
Residential	
Vacant residential property	0.5
Single residential unit	1.0
Apartment and condominium units	
One-bedroom or smaller units, per unit	0.8
Two-bedroom units, per unit	1.0
Three-bedroom or large units, per unit	1.3
Modular homes, per individual residential unit	1.0
Mobile homes, per residential unit	1.0
Rooming houses	3.0
Mobile home parks, per individual residential unit	1.0
Commercial	
Vacant commercial property	0.5
Stores	1.0
Store combination	
Store and office	2.0
Store and residential	2.0
Department stores	5.0
Supermarkets	
12,000 square feet or more	5.0
6,000 through 11,999 square feet	2.0
Small food stores	1.0
Shopping centers	
Neighborhood, community	10.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 20 - Number of Sewage Units for Land Use - Marina

Number of Current Sewage Units for Land Use - Marina	
Land Use	Number of Sewage Units
Regional	30.0
Office buildings	5.0
Loft-type building	3.0
Office and residential combination	2.0
<i>Hotels and motels</i>	
Per each four rooms	3.0
Professional buildings	5.0
Medical/dental buildings	5.0
Veterinary hospitals, clinics	3.0
<i>Restaurants, cocktail lounges</i>	
<i>Restaurants, inside dining facilities,</i>	
per each four seats	1.0
Outside eating facilities, per each eight seats	1.0
Bars and cocktail lounges, per each eight	1.0
Fast food, walk-up	2.0
Fast food, auto-oriented	2.0
Wholesale and manufacturing outlets	2.0
Banks, savings and loans	1.0
Service shops	2.0
<i>Service stations</i>	
Full-service	1.0
Self-service	1.0
Station with car wash	5.0
<i>Auto, recreation, construction equipment</i>	
<i>Sales and service</i>	

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 20 - Number of Sewage Units for Land Use - Marina

Number of Current Sewage Units for Land Use - Marina	
Land Use	Number of Sewage Units
Auto service center (no gasoline)	1.0
Auto service shops	1.0
Used car sales	1.0
New car sales and service	3.0
Car wash	5.0
Car wash—self-service	5.0
<i>Recreation equipment sales and service</i>	
Yacht brokerage	1.0
Boat repair	1.0
<i>Farm and construction equipment</i>	
sales and service	2.0
Parking lots	0.5
Animal kennels	2.0
Nurseries or greenhouses	1.0
Miscellaneous commercial property	2.0
<i>Recreational</i>	
<i>Theaters</i>	
Movie, indoor	2.0
Movie, drive-in	2.0
Legitimate theater	2.0
Bowling alleys	5.0
<i>Clubs, lodge halls, fraternal</i>	
organizations, yacht clubs	2.0
Yacht club, cocktail lounges,	
per each eight seats	1.0

Los Angeles County Public Works

Sewer Utility

Sewage Unit for Land Use

Exhibit 20 - Number of Sewage Units for Land Use - Marina

Number of Current Sewage Units for Land Use - Marina	
Land Use	Number of Sewage Units
<i>Yacht club, inside eating facilities,</i>	
per each four seats	1.0
<i>Yacht club, outside eating facilities,</i>	
per each eight seats	1.0
<i>Athletic and amusement facilities</i>	
Auditoriums, stadiums, amphitheaters	10.0
Amusement facilities	10.0
Commercial swimming pools, schools	5.0
Gymnasiums, health spas	2.0
Dance halls	2.0
Tennis courts, clubs, pro shops	2.0
<i>Golf courses</i>	
Nonprofit	3.0
Three-par	3.0
Miniature	1.0
Other golf courses	3.0
<i>Skating rinks</i>	
Ice	2.0
Roller	2.0
<i>Anchorage</i>	
Under 25 slips	1.0
Per each additional 25 slips	1.0
Miscellaneous recreational property	2.0
Vacant recreational property	0.5