



2026 Sewer Service Charges Study

Prepared for
Mt. View Sanitary District
Martinez, California
February 4, 2026

This Page Intentionally Blank.

Table of Contents

List of Figures	ii
List of Tables	ii
List of Abbreviations	ii
Executive Summary	ES 1
Projected Expenditures	ES 1
Customer Wastewater Discharge Characteristics	ES 2
Projected Cash Flow	ES 2
Recommended Sewer Service Charges	ES 3
1. Introduction	1-1
1.1 Wastewater Management System Description	1-1
1.2 Regulatory Requirements	1-2
1.3 Rate Setting Process	1-2
1.4 Financial and Parcel Data	1-3
1.5 Sewer Service Charges Approved in 2023	1-4
1.6 Private Meter Agreements	1-4
2. Summary of Users and Wastewater Discharge Characteristics	2-1
2.1 Customer Wastewater Discharge Characteristics	2-1
3. Revenue Required from Sewer Service Charges	3-1
3.1 Projected Expenditures	3-1
3.2 Debt Service Payments and Coverage	3-3
3.3 Funds 3409, 3410, 3412 and 3415 Projected Cash Flow	3-4
4. Sewer Service Charges	4-1
4.1 Recommended Sewer Service Charges	4-1
4.2 Single Family Monthly Bill Survey	4-2
5. Conclusions and Recommendations	5-1
5.1 Conclusions	5-1
5.2 Recommendations	5-1
6. Limitations	6-1

List of Figures

Figure 1-1. Overview of Rate Setting Analytical Steps.....	1-2
Figure 3-1. Debt Service Cumulative Interest and Remaining Principal, FY20 – FY42.....	3-3
Figure 4-1. Single Family Monthly Bill Survey	4-2

List of Tables

Table ES-1. Projected Expenditures FY26 – FY28.....	ES-1
Table ES-2. Projected Cash Flow FY26 – FY28.....	ES-2
Table ES-3. Current and Recommended Unit Costs and Sewer Service Charges	ES 3
Table 1-1. Sewer Service Charges FY23 – FY 26	1-4
Table 2-1. Residential and Nonresidential Customer Class Wastewater Discharge Characteristics.....	2-1
Table 3-1. Projected Expenditures Summary FY26 – FY28.....	3-1
Table 3-2. Projected Expenditures Detail FY26 – FY28	3-2
Table 3-3. Loan Agreements Payments FY20 – FY42.....	3-3
Table 3-4. Projected Cash Flow FY26 – FY28.....	3-4
Table 4-1. Current and Recommended Unit Costs, Sewer Service Charges & Revenue from SSCs.....	4-1

List of Abbreviations

APN	Assessor Parcel Number	SOI	Sphere of Influence
BOD	Biochemical Oxygen Demand	SSC	Sewer Service Charges
CCCSD	Central Contra Costa Sanitary District	TSS	Total Suspended Solids
CIP	Capital Improvement Program		
Code	Mt. View Sanitary District Code		
District	Mt. View Sanitary District		
FRP	Facilities Rehabilitation Program		
FY	Fiscal year (July 1 to June 30)		
FY27	July 1, 2026 to June 30, 2027		
gpd	Gallons per Day		
HCF	Hundred Cubic Feet (~ 748.1 gallons)		
MVSD	Mt. View Sanitary District		
NPDES	National Pollutant Discharge Elimination System		
O&M	Operation and maintenance		
PMA	Private Meter Agreement		

Executive Summary

In November 2025 the Mt. View Sanitary District (MVSD or District) contracted with Pavletic Consulting LLC to evaluate cash flow and recommend a revised schedule of Sewer Service Charges (SSCs). Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures, meet loan payment obligations, keep rates as competitive as possible, and maintain a prudent level of reserves.

Projected Expenditures

Cash flow – expenditures, revenues and fund balances – are accounted for in four funds:

- Fund 3409 – Operating and maintenance expenditures funded primarily by SSC revenue
- Fund 3410 – Facilities Rehabilitation Program (FRP) capital expenditures funded primarily by *Ad Valorem* tax revenue
- Fund 3412 – Capital Improvement Program (CIP) expenditures funded with Connection Fee and SSC revenue
- Fund 3415 – Debt service principal and interest payments funded by SSC revenue

Annual expenditures in each fund for FY26 – FY29 are summarized in the table below. Values for FY26 are from the budget; values for FY27 – FY28 are projected. Fund 3409 annual O&M expenditures will increase approximately 16.6% from \$9.1 million in FY26 to \$10.6 million in FY28. Fund 3410 annual facility rehabilitation capital facility expenditures will decrease approximately 27% from \$350,00 in FY26 to \$256,000 in FY28. Fund 3412 annual expenditures for capital projects are approximately \$2.1 million. Fund 3415 annual expenditures for debt service are approximately \$847,000.

Table ES-1. Projected Expenditures FY26 – FY28				
Funds 3409, 3410, 3412 and 3415 Item, x\$000	Budget	Projected		FY27-FY28
	FY26	FY27	FY28	Total
Operations & Maintenance (Fund 3409)				
Total	\$9,070	\$9,877	\$10,576	\$20,454
\$ Change		\$807	\$699	\$1,506
% Change		8.9%	7.1%	16.6%
Facilities Rehabilitation (Fund 3410)				
Total	\$350	\$250	\$256	\$506
\$ Change		-\$100	\$6	-\$94
% Change		-28.6%	2.4%	-26.9%
Capital Projects (Fund 3412)				
Total	\$1,860	\$2,060	\$2,060	\$4,120
\$ Change		\$200	\$0	\$200
% Change		10.8%	0.0%	10.8%
Debt Service (Fund 3415)				
Total	\$847	\$847	\$847	\$1,694
\$ Change		\$0	\$0	\$0
% Change		0.0%	0.0%	0.0%
Total All Funds				
Total	\$12,127	\$13,034	\$13,739	\$26,773
\$ Change		\$907	\$705	\$1,612
% Change		7.5%	5.4%	13.3%

Customer Wastewater Discharge Characteristics

As part of the District's 2017 Rate Study, customer characteristics for Flow, BOD (Biochemical Oxygen Demand) and TSS (Total Suspended Solids) were evaluated to ensure that those characteristics fairly represent the volume of wastewater and pounds of conventional pollutants (BOD and TSS) entering the District's Wastewater Treatment Plant and represent the approximate amount of volume and pounds of BOD and TSS generated by each customer or customer class connected to the District wastewater system. Changes in Flow and BOD/TSS concentrations for Apartments/Mobile Homes and General Commercial customer classes were fully implemented as of FY26. Changes to customer characteristics are now fully incorporated into the rates and ensure that each customer class pays its proportionate share of the required revenue in compliance with legal rate-making requirements.

Projected Cash Flow

Cash flow for FY26-FY28 is summarized in the table below. The summary lists beginning balances, revenues, expenditures, ending balances and target ending balances.

Table ES-2. Projected Cash Flow FY26 – FY28			
Funds 3409, 3410, 3412 and 3415 Item, x\$000	Budget	Projected	
	FY26	FY27	FY28
Beginning Balances, July 1	17,110	16,654	16,225
Revenues			
Sewer Service Charges	10,390	10,744	11,230
Ad Valorem Taxes	528	538	548
Grant Disbursement	0	0	0
Interest	336	583	559
Capacity Charges	178	250	250
Other	238	490	493
Total Revenues	11,671	12,605	13,081
Expenditures			
Operations & Maintenance (Fund 3409)	9,070	9,877	10,576
Facilities Rehabilitation (Fund 3410)	350	250	256
Capital Projects (Fund 3412)	1,860	2,060	2,060
Debt Service (Fund 3415)	847	847	847
Total Expenditures	12,127	13,034	13,739
Ending Balances, June 30	16,654	16,225	15,567
Ending Balance Reserve Target, June 30			
Operations Reserve 3409 <i>(equal to 7/12 of the District's O&M expenditures)</i>	5,290	5,760	6,170
O&M Unrestricted Reserve Fund 3409	1,000	1,000	1,000
<u>Capital Outlay Restricted Reserve</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Total Target Reserves	7,790	8,260	8,670

Recommended Sewer Service Charges

Recommended sewer service charges are shown in the table below. Note that except for approximately 20 accounts, sewer service charges are collected on the Contra Costa County tax roll. Charges not collected on the tax roll are billed directly to customers by the District.

Table ES-3. Current and Recommended Unit Costs and Sewer Service Charges					
Customer Class	Approximate Number of Accounts	Billing Units	Current FY26	Recommended	
				FY27	FY28
Unit Costs					
Flow		\$ per 1000 gallons	\$10.945	\$11.416	\$11.872
BOD		\$ per 1000 pounds	\$1.441	\$1.503	\$1.564
TSS		\$ per 1000 pounds	\$1.571	\$1.639	\$1.704
SSCs					
Residential *	7,812	Annual	\$999	\$1,032	\$1,080
Apt/MH Units	1,223	Annual	\$749	\$780	\$816
Nonresidential					
Group 1A	209	\$ per HCF	\$13.51	\$14.10	\$14.65
Group 1AA and 1B	73	\$ per HCF	\$13.51	\$14.10	\$14.65
Group 2 and 1C	11	\$ per HCF	\$14.80	\$15.45	\$16.05
Group 3	14	\$ per HCF	\$18.75	\$19.55	\$20.35
Group 4	8	\$ per HCF	\$20.40	\$21.30	\$22.15
Group 5	1	\$ per HCF	\$23.12	\$24.10	\$25.05
PMAs **	20	\$ per HCF	\$18.10	\$18.90	\$19.65
VA Clinic	1	\$ per HCF	\$13.51	\$14.10	\$14.65
* Recommended SSCs for Residential and Apt/MH are rounded to the nearest \$12.					
Recommended SSCs for Nonresidential are rounded to the nearest \$0.05.					
** The SSCs for accounts with PMAs (Private Meter Agreements) are the average for the class.					

This Page Intentionally Blank.

Section 1

Introduction

Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures, meet debt service obligations, keep rates as competitive as possible and maintain a prudent level of reserves.

1.1 Wastewater Management System Description

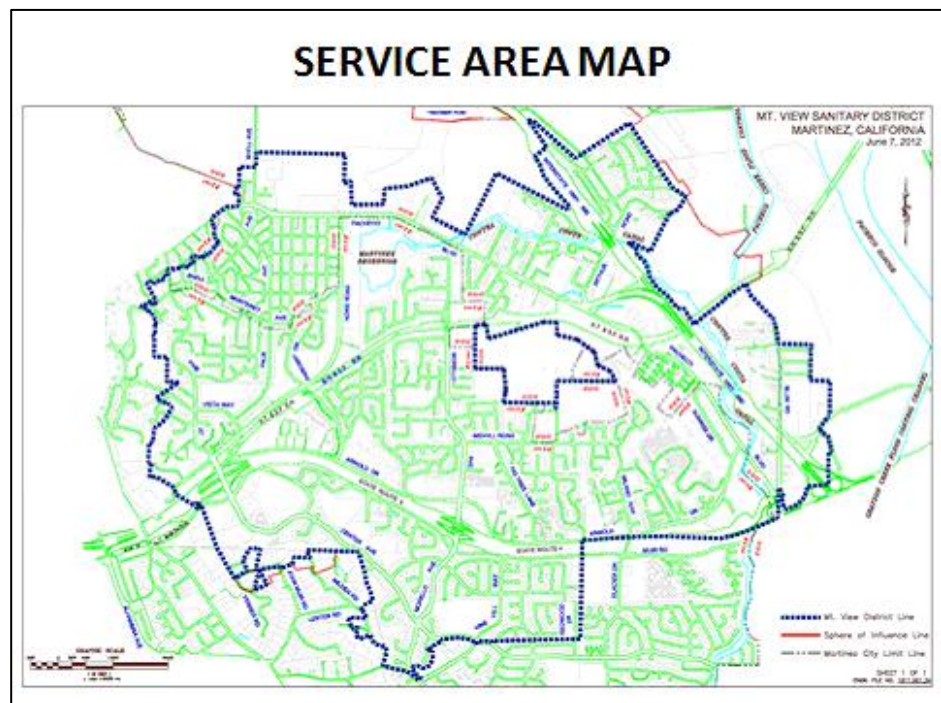
MVSD is an independent district, formed in 1923 pursuant to the Sanitary District Act of 1923 (Health & Safety Code §6400 et seq.). MVSD serves an estimated population of 22,000 residents consisting of approximately 7,912 residential and 314 commercial, industrial and institutional sewer connections. The District's service area is approximately 4.7 square miles. The District's sphere of influence encompasses an additional 1.6 square miles and primarily includes an area of 1.46 square miles of industrially zoned land to the north of the District's boundary as well as an island within the center of the District of 0.14 square miles that is in agricultural use. The SOI area to the north of the District is designated as heavy industrial to the west of I-680 and open space and parks and recreation to the east of I-680.

The District's wastewater collection system is located in the rolling hills

in and surrounding Martinez and serves three zones or watersheds. The collection system includes four pumping stations and 73 miles of sewer pipelines ranging in diameter from 6 to 24 inches.

MVSD provides wastewater collection, treatment, and disposal services for the northeasterly portion of the City of Martinez and adjacent unincorporated lands to the northeast. The plant receives approximately 1.45 million gallons per day during dry weather.

The District collaborates with the Central Contra Costa Sanitary District (CCCSD) to provide a permanent Household Hazardous Waste Collection facility and disposal services for the central portion of the county. MVSD has a franchise agreement with Allied Waste (parent company to Pleasant Hill Bayshore Disposal) for Allied Waste to provide trash collection, recycling, and disposal services within the unincorporated area of MVSD's boundaries. The effluent is comprised of approximately 90% residential and 10% small business waste.



1.2 Regulatory Requirements

The updated Sewer Service Charges (SSCs) recommended in this study will fulfill the requirements found in the *Revenue Program Guidelines* published by the California Environmental Protection Agency’s State Water Resource Control Board from its Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities.

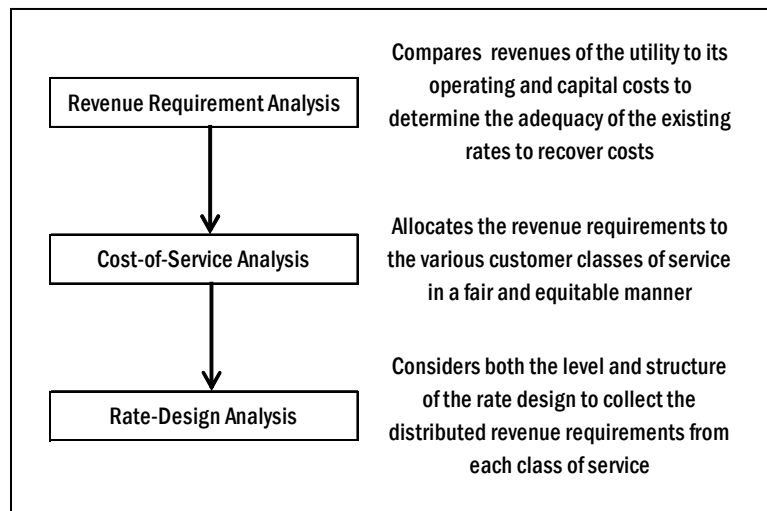
The updated SSCs recommended in this study also fulfill the substantive requirements of Proposition 218, reflected in the California Constitution as Article XIII D, that was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water service are as follows:

- A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
- Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
- The amount of the charge imposed upon any parcel shall not exceed the proportional cost-of-service attributable to the parcel.
- No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.

The District must comply with the procedural requirements of Proposition 218 including that a written notice of the proposed SSCs shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

1.3 Rate Setting Process

Sewer rate studies classically have three categories of technical analysis – the development of revenue required from rates, the allocation of costs among functional cost categories (cost-of-service analysis) and the design of a rate structure. An overview of the rate-setting analytical steps is shown in Figure 1-1.



The District previously completed a sewer rate study in 2023 (2023 Study). The study included a revenue analysis.

The current rate study includes an updated revenue requirement analysis. Rate-design changes and cost-of-service allocation adjustments recommended in the 2017 Study are now fully incorporated into the current and recommended rate structures.

No significant changes to customer discharge characteristics or demographics have occurred that would necessitate an update of the cost-of-service allocations or rate design.

Figure 1-1. Overview of Rate Setting Analytical Steps

1.4 Financial and Parcel Data

Information and data for the development of wastewater rates include several documents provided by the District. The list of documents, and the key information and data from each used in this study, are summarized below.

Mt. View Sanitary District 2025-26 Fiscal Year Budget

MVSD operates under a fiscal year budget cycle beginning July 1 and ending June 30. The District's Budget is balanced and consistent in its commitment to provide for the long-term continued provision of services to the District's ratepayers.

Mt. View Sanitary District Financial Statements

The Financial Statements provide discussion and analysis of District financial performance and financial activities for a fiscal year ended June 30. The District's financial statements present a balance sheet; statement of revenues, expenses and changes in net position; and statement of cash flows.

Mt. View Sanitary District, District Financial Reserves Policy, No. 3125

The District Financial Reserves Policy sets policy to enable realistic long-term planning, to assist with effective development of annual budgets, and to promote clear communications with the general public and District.

Mt. View Sanitary District Capital Project Expenditure Program

MVSD is participating in a Feasibility Study for consolidation with Central San. Until a determination is made on consolidation, capital expenditures will be kept to approximately \$2 million per year. The focus will be Collection System projects and small projects in the Treatment Plant that require immediate attention.

2018 Installment Sales Agreement #18-015

The District and Municipal Finance Corporation entered into an Installment Sale Agreement on October 1, 2018, to affect the issuance of debt and acquisition of \$6,000,000 in funds by the District to pay for capital projects defined in the Installment Sale Agreement. Installment payments for the Series 2018 Debt Agreement are \$449,344.52 due every October from 2019 through 2038 (20 years). Covenants of the District in the Series 2018 Debt Agreement require the District to maintain rates and charges for the Sewer System at a level that yields "Net Revenues" (all revenues net of operation and maintenance expenses) at least greater or equal to 115 percent of the debt service installment payments for a fiscal year.

2021 Installment Purchase Contract

On June 1, 2021, the District entered into an arrangement with Municipal Finance Corporation in the form of an installment purchase agreement to finance the acquisition, construction and installation of certain additions, betterments, extensions or improvements to the District sewer system. The agreement, fully funded in June 2021 and maturing in June 2041, calls for MFC to provide an advance payment of \$6,000,000 to the District in exchange for a series of twenty (40) semi-annual principal and interest installment payments. Interest accrues annually at a fixed rate of 2.90% on the unpaid principal. Title to the components of the 2021 Project immediately and automatically vest in the District upon their acquisition and construction. Covenants of the District in the Series 2018 Debt Agreement require the District to maintain rates and charges for the Sewer System at a level that yields "Net Revenues" (all revenues net of operation and maintenance expenses) at least greater or equal to 115 percent of the debt service installment payments for a fiscal year.

Parcel Billing Data

Parcel billing data is from the District's data base of Assessor Parcel Numbers. Data for billing Private Meter Agreement (PMA) parcels is in a separate data base maintained by the City for the purpose of gathering water meter data used to calculate sewer bills for those parcels.

1.5 Sewer Service Charges Approved in 2023

During May 2023, the District’s Board of Directors adopted Ordinance No. 2023-140, *Adopting General Regulation No. 140 Adopting and Establishing a Schedule of District Sewer Service Charges for Fiscal Year 2023-2024 through Fiscal Year 2025-2026*. A list of prior (FY23) and FY24, FY25 and FY26 SSCs approved by the Board are shown in the table below.

Table 1-1. Sewer Service Charges FY23 – FY 26					
Customer Class	Billing Units	Prior FY23	Implemented FY24	Implemented FY25	Current FY26
Unit Costs					
Flow	\$ per 1000 gallons	\$8.965	\$9.771	\$10.651	\$10.945
BOD	\$ per 1000 pounds	\$1.181	\$1.287	\$1.403	\$1.441
TSS	\$ per 1000 pounds	\$1.287	\$1.403	\$1.529	\$1.571
SSCs					
Residential *	Annual	\$814	\$888	\$972	\$999
Apt/MH Units	Annual	\$652	\$708	\$768	\$749
Nonresidential					
Group 1A	\$ per HCF	\$11.04	\$12.05	\$13.15	\$13.51
Group 1AA and 1B	\$ per HCF	\$11.04	\$12.05	\$13.15	\$13.51
Group 2 and 1C	\$ per HCF	\$12.12	\$13.20	\$14.40	\$14.80
Group 3	\$ per HCF	\$15.36	\$16.75	\$18.25	\$18.75
Group 4	\$ per HCF	\$16.68	\$18.20	\$19.85	\$20.40
Group 5	\$ per HCF	\$18.96	\$20.65	\$22.50	\$23.12
PMAs **	\$ per HCF	\$14.80	\$16.15	\$17.60	\$18.10
VA Clinic	\$ per HCF	\$11.04	\$12.05	\$13.15	\$13.51

The \$ per HCF SSCs for accounts with PMAs (Private Meter Agreements) are the average for the class.

1.6 Private Meter Agreements

Customers with Private Meter Agreements (PMAs) are charged based upon wastewater flows estimates for each wastewater discharge point source multiplied by the corresponding Sewer Service Charge for that source. Section 7.2.5.4 from the District Code that describes PMAs is included below.

7.2.5.4 Private Meter Agreement. When multiple non-residential establishments with different strength sewage are served by a single public potable water meter, the Owner may install at the Owner’s expense, a submeter or meters of a type and at a location(s) approved by the District. Private meters shall be installed in such a manner as to clearly differentiate between or among the quantities discharged by each establishment according to strength of sewage and Sewer Service Charge rate. Such meter(s) shall be tested for accuracy at the expense of the User when deemed necessary by the District Manager. (Ord. No. 2013-111)

A Private Meter Agreement shall be entered into by property owner with the District in a form approved by the District Manager. The initial cost and minimum annual charge for development and annual administration of a Private Meter Agreement shall be the actual costs incurred by the District. The District’s annual charge to administer Private Meter Agreements shall not be less than the amount shown in Table 7-1. (Ord. No. 2010-102). The form of the agreement shall be prescribed by the District Manager. The Owner shall pay all costs required for the preparation and administration of the agreement and for reading, recording and submitting sub-meter readings in a form and frequency required by the District Manager. The Private Meter Agreement shall be recorded in the office of the County Recorder. (Ord. No. 2013-111).

Section 2

Summary of Users and Wastewater Discharge Characteristics

The purpose of this section is to summarize the identification of residential and nonresidential users and their corresponding wastewater characteristics in terms of wastewater flow and wastewater strength.

2.1 Customer Wastewater Discharge Characteristics

As part of the 2017 Study, customer wastewater discharge characteristics for Flow, BOD and TSS were evaluated to ensure that those characteristics fairly represent the volume of wastewater and pounds of conventional pollutants (BOD and TSS) entering the District's Wastewater Treatment Plant and represent the approximate amount of volume and pounds of BOD and TSS generated by each customer or customer class connected to the District wastewater system. Changes in Flow and BOD/TSS concentrations for Apartments/Mobile Homes and General Commercial customer classes were implemented over a five-year period – from FY18 through FY22. Changes to customer characteristics are now fully incorporated into the rates.

Wastewater discharge characteristics and the approximate number of accounts in each customer class as of FY26 are summarized in the table below.

Table 2-1. Residential and Nonresidential Customer Class Wastewater Discharge Characteristics							
Customer Class	Customer Class Description	Approximate Number of Accounts	Wastewater Discharge Characteristics				BOD + TSS Range for Customer Class
			Flow gpd or HCF/year	BOD mg/L	TSS mg/L	BOD + TSS mg/L	
Residential	Residential Dwelling Unit	7,812	150.00	287	287	574	0 to 600
	Apartment Units and Mobile Homes	1,223	112.53	287	287	574	0 to 600
Commercial							
Group 1A	Churches, Schools, Car wash, General commercial/office, Medical/dental, Public Agency	209	43,115	287	287	574	0 to 600
Groups 1AA and 1B	Hospital/nursing/clinics - I, Laundromats, Drycleaners, Wheeled vehicle temp res/office	73	18,731	300	275	575	
Groups 2 and 1C	Café/limited on-site cooking, Hospital/nursing/clinics	11	4,943	350	350	700	601 to 1000
Group 3	Café/Fast Food-I-NG, Markets/Fast Food-I-NG, Restaurants/Fast Food-I-NG	14	6,452	600	500	1100	1001 to 1200
Group 4	Café/Fast Food-NI-NG	8	2,661	800	480	1280	1201 to 1500
Group 5	Markets/Fast Food-NI-NG, Restaurants/Fast Food-NI-NG	1	886	1000	600	1600	1501 to 1800

I=Interceptor; NI-No Interceptor; NG-No Food Grinder

gpd = gallons per day
HCF = hundred cubic feet ~ 748 gallons
BOD = Biochemical Oxygen Demand
TSS = Total Suspended Solids

This Page Intentionally Blank.

Section 3

Revenue Required from Sewer Service Charges

Sewer Service Charges must adequately fund sewer utility operations, capital expenditures, maintenance of reserves, and bonded debt service payments related to the provision of sewer service. The revenue required from Sewer Service Charges is developed in this section.

3.1 Projected Expenditures

Cash flow – expenditures, revenues and fund balances – are accounted for in four funds:

- Fund 3409 – Operating and maintenance expenditures funded primarily by SSC revenue
- Fund 3410 – Facilities Rehabilitation Program (FRP) capital expenditures funded primarily by *Ad Valorem* tax revenue
- Fund 3412 – Capital Improvement Program (CIP) expenditures funded with Connection Fee and Sewer Service Charge revenue and SSC revenue
- Fund 3415 – Debt service principal and interest payments funded by SSC revenue

Annual expenditures for all four funds are summarized for FY26 – FY28 in the table below. Values for FY26 are from the budget; values for FY27 and FY28 are projected.

Table 3-1. Projected Expenditures Summary FY26 – FY28				
Funds 3409, 3410, 3412 and 3415 Item, x\$000	Budget	Projected		FY27-FY28
	FY26	FY27	FY28	Total
Operations & Maintenance (Fund 3409)				
Total	\$9,070	\$9,877	\$10,576	\$20,454
\$ Change		\$807	\$699	\$1,506
% Change		8.9%	7.1%	16.6%
Facilities Rehabilitation (Fund 3410)				
Total	\$350	\$250	\$256	\$506
\$ Change		-\$100	\$6	-\$94
% Change		-28.6%	2.4%	-26.9%
Capital Projects (Fund 3412)				
Total	\$1,860	\$2,060	\$2,060	\$4,120
\$ Change		\$200	\$0	\$200
% Change		10.8%	0.0%	10.8%
Debt Service (Fund 3415)				
Total	\$847	\$847	\$847	\$1,694
\$ Change		\$0	\$0	\$0
% Change		0.0%	0.0%	0.0%
Total All Funds				
Total	\$12,127	\$13,034	\$13,739	\$26,773
\$ Change		\$907	\$705	\$1,612
% Change		7.5%	5.4%	13.3%

Fund 3409 annual O&M expenditures will increase approximately 16.6% from \$9.1 million in FY26 to \$10.6 million in FY28. Fund 3410 annual facility rehabilitation capital facility expenditures will decrease approximately 27% from \$350,00 in FY26 to \$256,000 in FY28. Fund 3412 annual expenditures for capital projects are approximately \$2.1 million. Fund 3415 annual expenditures for debt service are approximately \$847,000.

Detailed annual expenditures for FY26 – FY28 are listed in the table below.

Table 3-2. Projected Expenditures Detail FY26 – FY28			
Funds 3409, 3410, 3412 and 3415 Item, x\$000	Budget FY26	Projected	
		FY27	FY28
Operations & Maintenance (Fund 3409)			
Public Outreach/IT-Cybersecurity	142	147	153
Engineering	54	56	58
Admin & Gen x Wage/Ben/Ins	950	988	1,028
Wages	2,986	3,105	3,229
Employee Benefits	2,184	2,424	2,691
Insurance	375	420	466
Laboratory	154	160	167
Marsh	137	143	149
Operations Collections x Utilities	188	197	207
Treatment Plant x Utilities/Chemicals	590	619	650
Utilities-Collection & Trmt Plant	768	922	1,014
Chemicals Trmt Plant	543	695	765
Total Fund 3409	9,070	9,877	10,576
Facilities Rehabilitation (Fund 3410)			
Admin & General/Lab/Marsh	61	50	52
Collections	50	100	100
Treatment Plant	239	100	104
Total Fund 3410	350	250	256
Capital Projects (Fund 3412)			
Admin & General	60	60	60
Marsh	0	0	0
Collections	900	1,000	1,000
Treatment Plant	900	1,000	1,000
Total Fund 3412	1,860	2,060	2,060
Debt Service (Fund 3415)			
Admin & General	0	0	0
Interest on 2018 ISA	197	186	175
Principal on 2018 ISA	253	263	274
Interest on 2021 IPC	145	138	130
Principal on 2021 IPC	253	260	268
Total Fund 3415	847	847	847
Total All Funds	12,127	13,034	13,739

3.2 Debt Service Payments and Coverage

In late 2018, the District issued \$6,000,000 in debt to pay for capital projects related to the Phase B - Moorhen Marsh Western Pond Turtle Habitat Enhancement Project; Biotower and Biofilter Rotating Equipment Replacement; UV Disinfection Replacement Project; 2019 Sewage Collection System Project; and the 2019-2020 Plant Electrical Systems Upgrades. Installment payments for the Series 2018 Installment Sales Agreement are \$449,344.52 due every October from 2019 – 2038 (20 years).

In late 2021, the District issued \$6,000,000 in debt to pay for capital projects related to replacement of the UV disinfection system, the sludge dewatering centrifuge replacement, the headworks automatic screening replacement at the District’s wastewater treatment plant and various upgrades and replacements to the District’s collection system. Installment payments for the Series 2021 Installment Purchase Contract are \$397,458 per year from 2022 – 2041 (20 years).

Payments for both loans are summarized in the following table and figure.

Table 3-3. Loan Agreements Payments FY20 – FY42																							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42
2018 Note																							
Pymt #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20			Total
Interest	252	244	235	226	217	207	197	186	175	164	152	139	126	112	98	84	68	52	35	18			2,987 33%
Principal	197	206	214	223	233	242	253	263	274	286	298	310	323	337	351	366	381	397	414	431			6,000 67%
Total	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449	449			8,987 100%
2021 Note																							
Pymt #			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
Interest			172	166	159	152	145	138	130	122	114	106	97	88	79	70	61	51	41	30	20	8	1,949 25%
Principal			225	232	238	245	253	260	268	275	283	292	300	309	318	327	337	347	357	367	378	389	6,000 75%
Total			397,458	397	397	397	397	397	397	397	397	397	397	397	397	397	397	397	397	397	397	397	7,949 100%
Total																							
Interest	252	244	407	392	376	359	342	324	305	286	266	245	223	201	178	154	129	103	76	48	20	8	4,936 29%
Principal	197	206	439	455	471	488	505	523	542	561	581	602	624	646	669	693	718	744	771	798	378	389	12,000 71%
Total	449	449	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	397	397	16,936 100%
Cumulative Interest	0	252	496	903	1,295	1,671	2,030	2,371	2,695	3,000	3,286	3,551	3,796	4,019	4,220	4,398	4,552	4,681	4,784	4,860	4,908	4,928	4,936
Remaining Principal	12,000	11,803	11,597	11,158	10,703	10,232	9,744	9,239	8,716	8,174	7,613	7,031	6,429	5,806	5,160	4,491	3,798	3,080	2,336	1,565	767	389	0

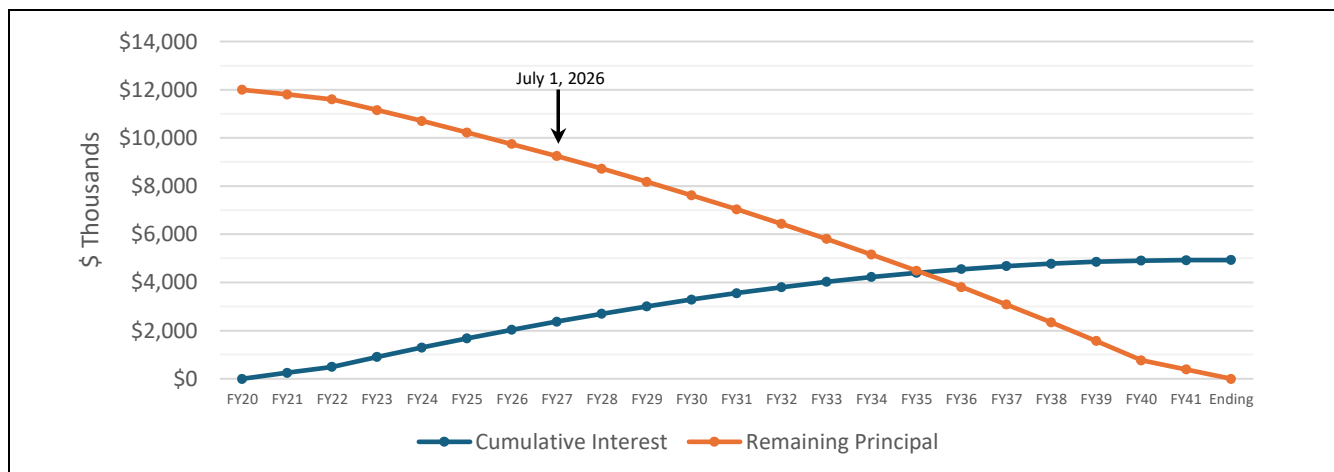


Figure 3-1. Debt Service Cumulative Interest and Remaining Principal, FY20 – FY42

The Series 2018 Installment Sales Agreement and Series 2021 Installment Purchase Contract require that annual Net Revenues (revenues minus recurring operating costs) produce a sum equal to at least 115 percent of annual debt service. District Net Revenues are projected to meet this requirement in FY26 and the following two fiscal years.

3.3 Funds 3409, 3410, 3412 and 3415 Projected Cash Flow

Cash flow for FY26-FY28 is summarized in the table below. The summary lists beginning balances, revenues, expenditures, ending balances and target ending balances.

Table 3-4. Projected Cash Flow FY26 – FY28			
Funds 3409, 3410, 3412 and 3415 Item, x\$000	Budget FY26	Projected	
		FY27	FY28
Beginning Balances, July 1	17,110	16,654	16,225
Revenues			
Sewer Service Charges	10,390	10,744	11,230
Ad Valorem Taxes	528	538	548
Grant Disbursement	0	0	0
Interest	336	583	559
Capacity Charges	178	250	250
Other	238	490	493
Total Revenues	11,671	12,605	13,081
Expenditures			
Operations & Maintenance (Fund 3409)	9,070	9,877	10,576
Facilities Rehabilitation (Fund 3410)	350	250	256
Capital Projects (Fund 3412)	1,860	2,060	2,060
Debt Service (Fund 3415)	847	847	847
Total Expenditures	12,127	13,034	13,739
Ending Balances, June 30	16,654	16,225	15,567
Ending Balance Reserve Target, June 30			
Operations Reserve 3409 <i>(equal to 7/12 of the District's O&M expenditures)</i>	5,290	5,760	6,170
O&M Unrestricted Reserve Fund 3409	1,000	1,000	1,000
<u>Capital Outlay Restricted Reserve</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Total Target Reserves	7,790	8,260	8,670

Section 4

Sewer Service Charges

The District's current and recommended sewer service charges and unit costs for Flow, BOD and TSS, are summarized in this section. Revenues from recommended sewer service charges are also summarized.

4.1 Recommended Sewer Service Charges

Recommended sewer service charges are shown in the table below. Note that except for about 20 accounts, sewer service charges are collected on the Contra Costa County tax roll. Charges not collected on the tax roll are billed directly by the District to customers.

Table 4-1. Current and Recommended Unit Costs, Sewer Service Charges & Revenue from SSCs

Customer Class	Approximate Number of Accounts	Billing Units	Current FY26	Recommended	
				FY27	FY28
Unit Costs					
Flow		\$ per 1000 gallons	\$10.945	\$11.416	\$11.872
BOD		\$ per 1000 pounds	\$1.441	\$1.503	\$1.564
TSS		\$ per 1000 pounds	\$1.571	\$1.639	\$1.704
SSCs					
Residential *	7,812	Annual	\$999	\$1,032	\$1,080
Apt/MH Units	1,223	Annual	\$749	\$780	\$816
Nonresidential					
Group 1A	209	\$ per HCF	\$13.51	\$14.10	\$14.65
Group 1AA and 1B	73	\$ per HCF	\$13.51	\$14.10	\$14.65
Group 2 and 1C	11	\$ per HCF	\$14.80	\$15.45	\$16.05
Group 3	14	\$ per HCF	\$18.75	\$19.55	\$20.35
Group 4	8	\$ per HCF	\$20.40	\$21.30	\$22.15
Group 5	1	\$ per HCF	\$23.12	\$24.10	\$25.05
PMA's **	20	\$ per HCF	\$18.10	\$18.90	\$19.65
VA Clinic	1	\$ per HCF	\$13.51	\$14.10	\$14.65
Revenue					
Residential			\$7,804,188	\$8,061,984	\$8,436,960
Apt/MH			\$916,333	\$953,940	\$997,968
Nonresidential					
Group 1A			\$582,484	\$607,922	\$631,635
Group 1AA and 1B			\$253,056	\$264,108	\$274,410
Group 2 and 1C			\$73,156	\$76,369	\$79,335
Group 3			\$120,975	\$126,137	\$131,298
Group 4			\$54,284	\$56,679	\$58,941
Group 5			\$20,484	\$21,353	\$22,194
PMA's			\$311,809	\$325,590	\$338,511
VA Clinic			\$239,046	\$249,485	\$259,217
Total			\$10,375,816	\$10,743,567	\$11,230,469

* Recommended annual SSCs for Residential and Apt/MH are rounded to the nearest \$12.
 Recommended \$ per HCF for Nonresidential are based are rounded to the nearest \$0.05.
 ** The \$ per HCF for accounts with PMAs (Private Meter Agreements) are the average for the class.

4.2 Single Family Monthly Bill Survey

The District’s current (FY26) and recommended FY27 Sewer Service Charges were compared to the sewer service charges of 27 other Bay Area agencies. The comparison is of the point for each agency between annual sewer charge values on the vertical scale and population served values on the horizontal scale. The comparison is for single family dwelling units.

Data points for District and seven other agencies with service area populations between 10,000 and 33,000 are in a rectangular box.¹ Results of the survey are shown in Figure 4-1.

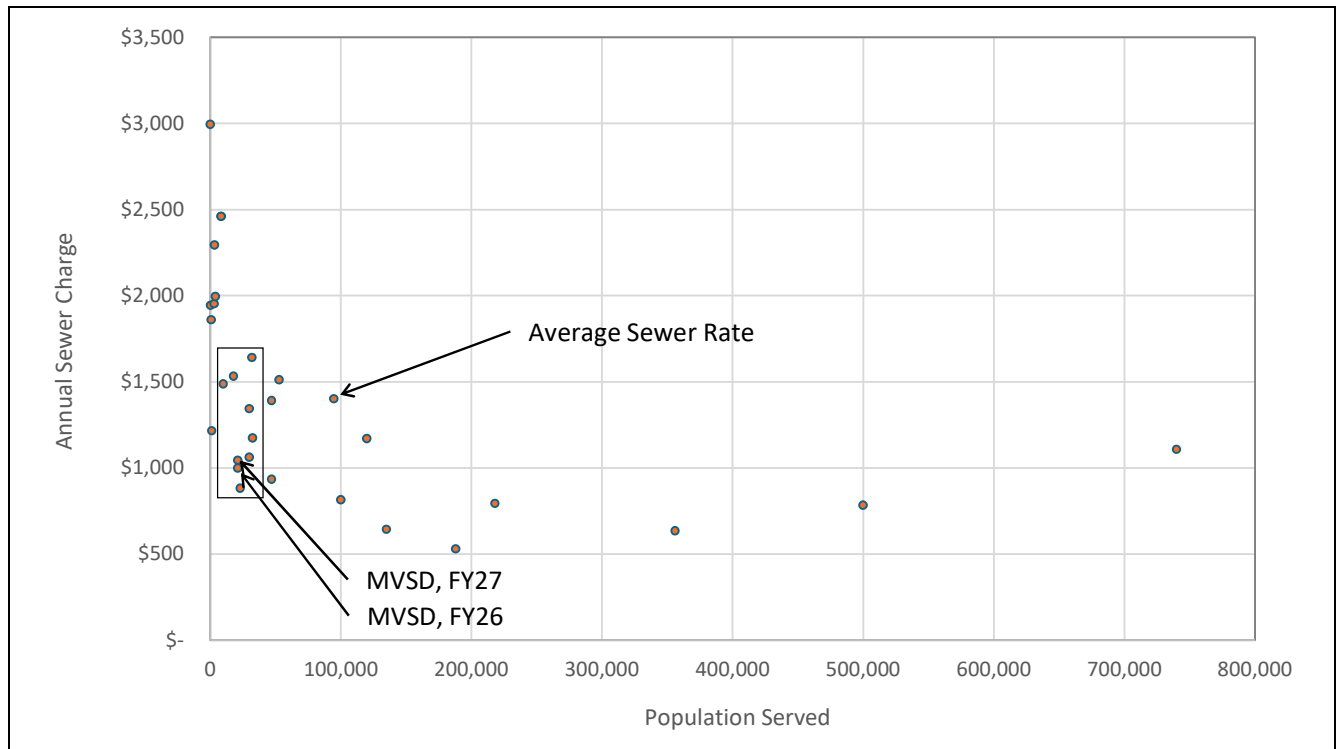


Figure 4-1. Single Family Monthly Bill Survey

¹ Besides Mt View Sanitary District, the other agencies are Rodeo Sanitary District, Sausalito-Marín City Sanitary District, Cupertino Sanitary District, Sewer Authority Mid-Coastside, San Rafael Sanitation District, Las Gallinas Valley Sanitation District, and Fair Oaks Sewer Maintenance District

Section 5

Conclusions and Recommendations

5.1 Conclusions

Based on our evaluation of the District's sewer service charges we have drawn the following conclusions:

- The District's projected operating expenditures for FY27 – FY28 are approximately \$20.45 million.
- The District's projected capital expenditures for FY27 – FY28 are approximately \$4.63 million.
- The District's projected debt service expenditures for FY27 – FY28 are approximately \$1.69 million.
- The District's projected total expenditures for FY27 – FY28 are approximately \$26.77 million.
- The District's revenues, without an increase in Sewer Service Charges for FY27 – FY28, would be approximately \$20.69 million.
- The District's total expenditures for FY27 – FY28 would exceed revenues from SSCs by approximately \$6.08 million without an increase in Sewer Service Charges.
- The District's revenues, with the increase in Sewer Service Charges for FY27 – FY28, would be approximately \$21.97 million.
- The two-year increase in SSCs will recover and additional \$1.28 million to attenuate future rate increases.

5.2 Recommendations

The following recommendations are offered to ensure the financial viability and flexibility of the wastewater fund:

Recommendation 1. Adopt and implement the Sewer Service Charges recommended for FY27 – FY28.

Recommendation 2. Update cash flow projections in the event of a significant change to any expenditure or revenue assumption.

This Page Intentionally Blank.



Section 6

Limitations

This document was prepared solely for the Mt. View Sanitary District in accordance with professional standards at the time the services were performed and in accordance with Purchase Order #38494 issued by Mt. View Sanitary District. This document is governed by the specific scope of work authorized by Mt. View Sanitary District; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by Mt. View Sanitary District and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information.

This Page Intentionally Blank.