## **Appendix K:** Financial Analysis

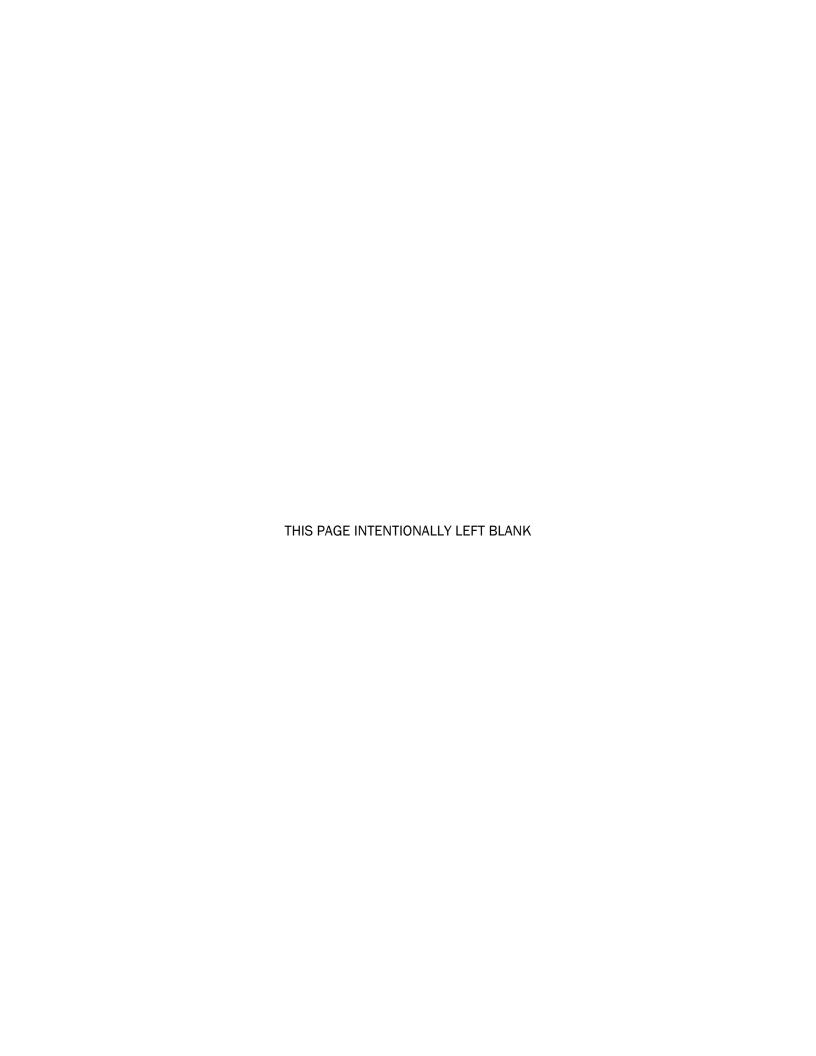


Table 1
City Parcels, Avg. Sewer Use/Parcel and Total Estimated Sewer Use

		Estimated <sup>1</sup>	•														
Land Use Description	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Number of Parcels																	
Single Family Home	10,132	10,330	10,360	10,390	10,420	10,450	10,480	10,495	10,510	10,525	10,540	10,555	10,570	10,585	10,600	10,615	10,630
Condominiums	767	775	783	791	799	807	815	819	823	827	831	835	839	843	847	851	855
Multi-Family Residence (2 units)	60	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59
Multi-Family Residence (3-4 units)	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
Multi-Family Residence (5+ units)	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
Church	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
Commercial/Industrial	483	484	484	484	484	484	484	484	484	484	484	484	484	484	484	484	484
Institutional	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Park	9	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
School	13	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Government	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Total	11,526	11,728	11,766	11,804	11,842	11,880	11,918	11,937	11,956	11,975	11,994	12,013	12,032	12,051	12,070	12,089	12,108
Average Annual Sewer Use per Parcel, 100 cf																	
Single Family Home	125	109	107	105	103	102	101	101	101	101	101	101	101	101	101	101	101
Condominiums	52	59	58	57	56	55	54	54	54	54	54	54	54	54	54	54	54
Multi-Family Residence (2 units)	142	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139
Multi-Family Residence (3-4 units)	154	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195
Multi-Family Residence (5+ units)	1,169	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332
Church	304	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383
Commercial/Industrial	246	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244
Institutional	11,758	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963	11,963
Park	444	499	499	499	499	499	499	499	499	499	499	499	499	499	499	499	499
School	1,456	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344
Government	363	422	422	422	422	422	422	422	422	422	422	422	422	422	422	422	422
Total Estimated Yearly Sewer Use, 100 cf																	
Single Family Home	1.264.585	1.125.421	1.107.970	1.090.398	1.072.707	1.065.345	1.057.924	1.059.438	1.060.952	1.062.466	1.063.980	1.065.495	1.067.009	1.068.523	1,070,037	1.071.551	1.073.066
Condominiums	39,953	45,976	45,668	45,343	45,003	44,646	44,274	44,491	44,709	44,926	45,143	45,361	45,578	45,795	46,012	46,230	46,447
Multi-Family Residence (2 units)	8,520	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201
Multi-Family Residence (3-4 units)	1,694	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145
Multi-Family Residence (5+ units)	24,549	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	27,972	,	27,972	27,972
Church	6.384	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043	8.043
Commercial/Industrial	118,818	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096	118,096
Institutional	47,032	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	47,852	,	47,852	47,852
Park	3,996	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994	2,994
School	18,928	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128	16,128
Government	1,815	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110
Total	1,536,274	,	,	,	,	,	,	1,337,470	,	,	,	,	,	,	,	1,351,322	1,353,054
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## Notes:

<sup>2</sup> Annual changes in the number of parcels are shown below for the two land use classes with the greatest number of parcels. FY11 values are actual.

	<i>FY12a</i>	<i>FY13</i>	<u>FY14</u>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>	<i>FY19</i>	<i>FY20</i>	<u>FY21</u>	<i>FY22</i>	<i>FY23</i>	<i>FY24</i>	<i>FY25</i>	<i>FY26</i>	<i>FY27</i>
Single Family Home	198	30	30	30	30	30	15	15	15	15	15	15	15	15	15	15
Condominiums	8	8	8	8	8	8	4	4	4	4	4	4	4	4	4	4
Annual changes in the average sewer use per parcel are shown b	elow for the t	wo land use o	classes with o	hanges from	FY11 values											
	<i>FY12a</i>	<i>FY13</i>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<i>FY23</i>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	FY27
Single Family Home	-16	-2	-2	-2	-1	-1	0	0	0	0	0	0	0	0	0	0
Condominiums	7	<sub>-</sub> 1	<sub>-</sub> 1	-1	-1	-1	0	0	0	٥	0	Λ	0	0	Λ	Λ

<sup>1</sup> Values for FY11 are from the "FY2010-2011 Annual Report for the Sewer Service Charge", Table 3, page 5, prepared by Harris & Associates.

Values for FY12 are from the "Draft FY2011-2012 Annual Report for the Sewer Service Charge", Table 3, page 5, prepared by Harris & Associates. Values are of all parcels in the City of Los Altos and in unincorporated Santa Clara County served by the City of Los Altos's sewer program.

Table 2 Master Plan Update CIP, 2011 Dollars

		year#>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
		Budget	Projected															FY13 - FY27	% of
	Project Name	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total	Total
(1)	Annual Sewer Main Repair	369,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
(1)	Sewer Collection System Upgrade	942,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
CRT	Annual Sewer Root Foaming	332,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	3,000,000	11%
GIS	Annual GIS Updates	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	750,000	3%
FOG	FOG Program	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	750,000	3%
H1	South Sewer Replacement, Ph.2 (City Proj. 11-14)	0	323,520	202,200	0	0	0	0	0	0	0	0	0	0	0	0	0	525,720	2%
S1	Structural Reach Replacement, PCR A	0	611,600	509,700	509,700	509,700	509,700											2,650,400	10%
M1	Maintenance problem areas, 30-day locations	0	508,400	564,900	564,900	564,900												2,203,100	8%
C2 (2)	CIPP corrosion rehabilitation, phase 2	0		137,150	16,550													153,700	1%
C3	CIPP corrosion rehabilitation, phase 3	0			313,150	245,263	245,263	245,263	245,263	313,150	245,263	245,263	245,263	245,263				2,588,400	9%
C4	CIPP corrosion rehabilitation, phase 4	0											445,100	278,200				723,300	3%
<del>C5</del>	CIPP corrosion rehabilitation, phase 5 (28)																	0	0%
S2	Structural Reach Replacement, PCR B	0					795,350	883,733	883,733	883,733	795,350	883,733	883,733	883,733				6,893,100	25%
M2	Maintenance problem areas, 60-day locations	0													909,033	478,433	478,433	1,865,900	7%
M3	Maintenance problem areas, 90-day locations	0													740,600	1,234,300	1,234,300	3,209,200	12%
MP	Sewer Master Plan Update	0	0	0	0	0	0	0	0	0	0	300,000	0	0	0	0	0	300,000	1%
SSMP	Biannual SSMP Update	0	0	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	140,000	1%
CCTV	Sewer Main CCTV	379,000	0	0	0	0	0	240,000	240,000	240,000	240,000	240,000	0	0	0	0	0	1,200,000	4%
CADB	CCTV Condition Assessment/Mapguide Updates	0	0	0	0	0	0	90,000	90,000	90,000	90,000	90,000	0	0	0	0	0	450,000	2%
Total, F	Y13-FY27	2,022,000	1,743,520	1,713,950	1,724,300	1,619,863	1,870,313	1,758,996	1,778,996	1,826,883	1,690,613	2,058,996	1,894,096	1,707,196	1,969,633	2,012,733	2,032,733	27,402,820	100%
Cumula	tive, FY13-FY27		1,743,520	3,457,470	5,181,770	6,801,633	8,671,945	10,430,941	12,209,937	14,036,820	15,727,433	17,786,428	19,680,524	21,387,720	23,357,353	25,370,087	27,402,820		
Average	FY13 - FY27		FY13	FY14	FY15	FY16	FY17	FY18	<i>FY19</i>	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27		
	Average, FY13-FY27		1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	1,826,855	27,402,820	
	Cumulative, FY13-FY27		1,826,855	3,653,709	5,480,564	7,307,419	9,134,273	10,961,128	12,787,983	14,614,837	16,441,692	18,268,547	20,095,401	21,922,256	23,749,111	25,575,965	27,402,820		
	Difference, Average vs Annual		83,335	112,905	102,555	206,992	-43,458	67,859	47,859	-29	136,242	-232,141	-67,241	119,659	-142,779	-185,879	-205,879	0	
	Cumulative, Average vs Annual		83,335	196,239	298,794	505,786	462,328	530,187	578,046	578,017	714,259	482,118	414,877	534,536	391,757	205,879	0		
Annual	Increase On Base Amount		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>		
	Base Amount, FY13		1,534,000																
	Annual Change			41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838	41,838		
	Annual Amount		1,534,000	1,575,838	1,617,676	1,659,514	1,701,352	1,743,190	1,785,028	1,826,866	1,868,704	1,910,542	1,952,380	1,994,218	2,036,056	2,077,894	2,119,732	27,402,990	
	Cumulative, FY13-FY27		1,534,000	3,109,838	4,727,514	6,387,028	8,088,380	9,831,570	11,616,598	13,443,464	15,312,168	17,222,710	19,175,090	21,169,308	23,205,364	25,283,258	27,402,990	170	
				3%	3%	3%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%		

Table 3
Master Plan Update CIP, Escalated Dollars

		year#>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
		Budget	Projected															FY13 - FY27	% of
	Project Name	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total	Total
(1)	Annual Sewer Main Repair	369,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
(1)	Sewer Collection System Upgrade	942,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
CRT	Annual Sewer Root Foaming	332,000	206,000	212,180	218,545	225,102	231,855	238,810	245,975	253,354	260,955	268,783	276,847	285,152	293,707	302,518	311,593	3,831,376	11%
GIS	Annual GIS Updates	0	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	67,196	69,212	71,288	73,427	75,629	77,898	957,844	3%
FOG	FOG Program	0	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239	67,196	69,212	71,288	73,427	75,629	77,898	957,844	3%
H1	South Sewer Replacement, Ph.2 (City Proj. 11-14)	0	333,226	214,514	0	0	0	0	0	0	0	0	0	0	0	0	0	547,740	2%
S1	Structural Reach Replacement, PCR A	0	629,948	540,741	556,963	573,672	590,882	0	0	0	0	0	0	0	0	0	0	2,892,206	8%
M1	Maintenance problem areas, 30-day locations	0	523,652	599,302	617,281	635,800	0	0	0	0	0	0	0	0	0	0	0	2,376,036	7%
C2 (2)	CIPP corrosion rehabilitation, phase 2	0	0	145,502	18,085	0	0	0	0	0	0	0	0	0	0	0	0	163,587	0%
C3	CIPP corrosion rehabilitation, phase 3	0	0	0	342,187	276,045	284,326	292,856	301,642	396,689	320,012	329,612	339,501	349,686	0	0	0	3,232,557	9%
C4	CIPP corrosion rehabilitation, phase 4	0	0	0	0	0	0	0	0	0	0	0	616,122	396,647	0	0	0	1,012,769	3%
<del>C5</del>	CIPP corrosion rehabilitation, phase 5 (28)		0	0	0	0	0	0	0	0	0	θ	θ	0	0	0	0	0	<del>0%</del>
S2	Structural Reach Replacement, PCR B	0	0	0	0	0	922,029	1,055,224	1,086,881	1,119,487	1,037,751	1,187,664	1,223,294	1,259,992	0	0	0	8,892,321	25%
M2	Maintenance problem areas, 60-day locations	0	0	0	0	0	0	0	0	0	0	0	0	0	1,334,946	723,673	745,384	2,804,003	8%
М3	Maintenance problem areas, 90-day locations	0	0	0	0	0	0	0	0	0	0	0	0	0	1,087,596	1,866,989	1,922,999	4,877,585	14%
MP	Sewer Master Plan Update	0	0	0	0	0	0	0	0	0	0	403,175	0	0	0	0	0	403,175	1%
SSMP	Biannual SSMP Update	0	0	0	21,855	0	23,185	0	24,597	0	26,095	0	27,685	0	29,371	0	31,159	183,948	1%
CCTV	Sewer Main CCTV	379,000	0	0	0	0	0	286,573	295,170	304,025	313,146	322,540	0	0	0	0	0	1,521,453	4%
CADB	CCTV Condition Assessment/Mapguide Updates	0	0	0	0	0	0	107,465	110,689	114,009	117,430	120,952	0	0	0	0	0	570,545	2%
,	/13-FY27	2,022,000	1,795,826	1,818,330	1,884,189	1,823,170	2,168,205	2,100,333	2,187,940	2,314,241	2,205,866	2,767,118	2,621,872	2,434,053	2,892,473	3,044,440	3,166,932	35,224,987	100%
Cumula	tive, FY13-FY27		1,795,826	3,614,155	5,498,344	7,321,514	9,489,719	11,590,052	13,777,992	16,092,233	18,298,099	21,065,217	23,687,089	26,121,142	29,013,615	32,058,055	35,224,987		
Average	FY13 - FY27		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27		
	Average, FY13-FY27		2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	2,348,332	35,224,987	
	Cumulative, FY13-FY27		2,348,332	4,696,665	7,044,997	9,393,330	11,741,662	14,089,995	16,438,327	18,786,660	21,134,992	23,483,325	25,831,657	28,179,990	30,528,322	32,876,655	35,224,987		
	Difference, Average vs Annual		552,507	530,003	464,143	525,163	180,128	247,999	160,392	34,091	142,467	-418,786	-273,539	-85,721	-544,140	-696,107	-818,600	0	
	Cumulative, Average vs Annual		552,507	1,082,510	1,546,653	2,071,816	2,251,944	2,499,943	2,660,335	2,694,426	2,836,893	2,418,107	2,144,568	2,058,848	1,514,707	818,600	-010,000	U	
	Cumulative, Average vs Aimuai		332,307	1,002,010	1,040,000	2,071,010	2,231,344	2,433,343	2,000,333	2,034,420	2,030,033	2,410,107	2,144,300	2,030,040	1,514,707	010,000	U		
Annual I	Increase On Base Amount		<u>FY13</u>	FY14	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	FY21	<u>FY22</u>	<u>FY23</u>	FY24	<u>FY25</u>	<u>FY26</u>	FY27		
7	Base Amount, FY13		1,534,000		1110			7720	1110	1120		<u></u>	1120			7.720	1121		
	Annual \$ Change		1,554,000	89,309	94,509	100,011	105,834	111,995	118,516	125,416	132,717	140,444	148,621	157,273	166,430	176,119	186,373		
	Annual Amount		1.534.000	1,623,309	1,717,818	1,817,829	1,923,663	2,035,658	2,154,173	2,279,589	2,412,306	2,552,750	2,701,371	2,858,644	3,025,074	3,201,193	3,387,566	35,224,942	
	Cumulative. FY13-FY27		1,534,000	3.157.309	4,875,127	6.692.956	8,616,619	10,652,276	12.806.450	15,086,039	17.498.345	20.051.095	22,752,466	25.611.110	28.636.183	31.837.376	35,224,942	-45	
	Annual % Change		_,,	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%		
	· · · · · · · · · · · · · · · · · · ·					2.270	2.370	2.370	2.5%	2.3%	2.3%	2.370	2.370	2.370	2.3%	2.370	2.5%		
Annual I	Escalation of CIP from 2011 Dollars		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	FY21	FY22	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>		
	Annual % Change		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%		
	Cumulative % Change		3%	6%	9%	13%	16%	19%	23%	27%	30%	34%	38%	43%	47%	51%	56%		

Cash Flow and Sewer Service Charge Revenue Requirement

	Budget 1	Budget <sup>1</sup>	Budget 1	Budget 1								Projected								FY13-FY27
Item	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total
Expenditures 2,8																				
Personnel	\$791,443	\$685,078	\$720,158	\$731,658	\$772,628	\$795,807	\$819,681	\$844,271	\$869,600	\$895,688	\$922,558	\$950,235	\$978,742	\$1,008,104	\$1,038,347	\$1,069,498	\$1,101,583	\$1,134,630	\$1,168,669	\$14,370,042
Lead Sewer Worker					\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677	\$130,477	\$134,392	\$138,423	\$142,576	\$146,853	\$151,259	\$1,859,891
Mtce/Insp/Capital Outlay	\$1,262,900	\$858,893	\$1,154,469	\$826,161	\$821,361	\$846,002	\$871,382	\$897,523	\$924,449	\$952,183	\$980,748	\$1,010,170	\$1,040,476	\$1,071,690	\$1,103,841	\$1,136,956	\$1,171,064	\$1,206,196	\$1,242,382	\$15,276,423
Capital Projects	\$1,640,000	\$2,176,500	\$2,775,500	\$2,022,000	\$1,534,000	\$1,623,309	\$1,717,818	\$1,817,829	\$1,923,663	\$2,035,658	\$2,154,173	\$2,279,589	\$2,412,306	\$2,552,750	\$2,701,371	\$2,858,644	\$3,025,074	\$3,201,193	\$3,387,566	\$35,224,942
Treatment Plant	\$2,355,843	\$2,392,828	\$2,400,000	\$2,472,000	\$2,472,000	\$2,496,720	\$2,521,687	\$2,546,904	\$2,623,311	\$2,702,011	\$2,783,071	\$2,866,563	\$2,952,560	\$3,041,137	\$3,132,371	\$3,226,342	\$3,323,132	\$3,422,826	\$3,525,511	\$43,636,145
Treatment Plant New Debt '					\$0	\$42,837	\$42,837	\$564,393	\$660,040	\$773,798	\$773,818	\$774,798	\$773,798	\$773,798	\$1,001,406	\$1,371,405	\$1,370,406	\$1,370,406	\$1,370,406	\$11,664,146
Total Expenses	\$6,050,186	\$6,113,299	\$7,050,127	\$6,051,819	\$5,699,989	\$5,907,675	\$6,079,495	\$6,780,194	\$7,113,613	\$7,475,264	\$7,733,774	\$8,004,343	\$8,284,559	\$8,577,956	\$9,111,727	\$9,801,268	\$10,133,835	\$10,482,105	\$10,845,793	\$122,031,589
Revenues and Fund Balance																				
Beginning Cash <sup>3</sup>	\$7,000,000	\$7,042,000	\$8,995,247	\$8,649,123	\$7,368,990	\$6,763,588	\$6,195,586	\$5,708,575	\$4,835,640	\$3,953,173	\$3,099,974	\$2,396,299	\$1,861,666	\$1,518,422	\$1,385,820	\$1,256,355	\$1,005,983	\$1,022,857	\$1,339,024	
Revenues																				
Sewer Service Charges 4	\$5,600,186	\$5,168,710	\$4,654,398	\$4,256,686	\$4,507,880	\$4,724,025	\$4,945,577	\$5,226,342	\$5,516,600	\$5,871,494	\$6,240,679	\$6,637,619	\$7,062,416	\$7,515,174	\$7,995,998	\$8,504,991	\$9,042,257	\$9,621,413	\$10,229,085	\$103,641,548
Interest Earnings 5		\$129,330	\$20,000	\$15,000	\$51,583	\$47,345	\$43,369	\$39,960	\$33,849	\$27,672	\$21,700	\$16,774	\$13,032	\$10,629	\$9,701	\$8,794	\$7,042	\$7,160	\$9,373	\$347,984
Town of Los Altos Hills Charges <sup>6</sup>	\$500,000	\$500,000	\$500,000	\$500,000	\$535,125	\$568,303	\$603,538	\$640,957	\$680,696	\$722,899	\$767,719	\$815,318	\$865,867	\$919,551	\$976,563	\$1,037,110	\$1,101,411	\$1,169,699	\$1,242,220	\$12,646,976
Total Revenues					\$5,094,587	\$5,339,673	\$5,592,484	\$5,907,259	\$6,231,146	\$6,622,065	\$7,030,098	\$7,469,710	\$7,941,315	\$8,445,354	\$8,982,262	\$9,550,895	\$10,150,710	\$10,798,272	\$11,480,678	\$116,636,508
Ending Cash					\$6,763,588	\$6,195,586	\$5,708,575	\$4,835,640	\$3,953,173	\$3,099,974	\$2,396,299	\$1,861,666	\$1,518,422	\$1,385,820	\$1,256,355	\$1,005,983	\$1,022,857	\$1,339,024	\$1,973,909	
Target Ending Cash																				
% of Total Expenses					25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
\$ Target					\$1,040,000	\$1,070,000	\$1,090,000	\$1,240,000	\$1,300,000	\$1,360,000	\$1,390,000	\$1,430,000	\$1,470,000	\$1,510,000	\$1,600,000	\$1,740,000	\$1,780,000	\$1,820,000	\$1,860,000	

1 Budget values for FY9, FY10, FY11 and FY12 are from annual sewer service charge reports prepared by Harris & Associates.

The reports by Harris & Associates also published values for "Capital Reserve" and "Reserve (Cash Flow Contingency)" shown below:

<u>FY9</u> <u>FY10</u> FY11 <u>FY12</u> \$5,000,000 \$5,000,000 \$5,331,000 \$5,912,109 Reserve (Cash Flow Contingency) \$2,050,000 \$1,726,741 \$1,788,518 \$1,456,881

The Capital Reserve is for on-going capital projects started prior to FY13 and is not used in the evaluation of cash flow.

The Reserve (Cash Flow Contingency) is not used in the evaluation of cash flow.

2 Operating expenditure values for FY13 are from a file named "08-Sewer 11-13 Budget Workbook-Proposed.pdf" provided by the City on June 17,2011.

Personnel includes expense codes for Personnel Services in categories 61100 and 61200. Treatment Plant is for expense code 5270 in category 61100.

Mtce / Insp includes expense codes for Services and Supplies in category 61100 (excluding expense code 5270) and Services and Supplies and Capital Outlay in category 61200. Operating expenditures for FY14 onward are escalated as shown below:

New debt service >

8 FY13 expenditures for a new Lead Sewer Worker position were provided by the City on June 20, 2012. Expenditures for FY14 onward are escalated at the same annual percentage as Personnel expenditures.

opolating expenditures for 1.12.1 chinara and decanated as enterin selecti														
	<u>FY14</u>	<i>FY15</i>	<i>FY16</i>	<i>FY17</i>	<i>FY18</i>	<i>FY19</i>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<i>FY23</i>	<u>FY24</u>	<i>FY25</i>	<i>FY26</i>	<u>FY27</u>
Personnel	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Mtce/Insp	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Treatment Plant	1.0%	1.0%	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital project expenditures for FY13 through FY27 were provided by Brown and Caldwell as part of the 2005 Master Plan	Update and are s	shown in Table 3.												
3 The Beginning Cash value for FY13 is based on the previous years' expenditures and revenues provided by Harris & Assoc	iates.													
4 Revenue from Sewer Service Charges for FY13 onward is based on the annual increases shown below:														
<i>FY13</i>	<u>FY14</u>	<u>FY15</u>	<i>FY16</i>	<u>FY17</u>	<i>FY18</i>	<i>FY19</i>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<i>FY23</i>	<u>FY24</u>	<i>FY25</i>	<u>FY26</u>	<u>FY27</u>
Annual % Increase in Revenue 7.0%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
5 Revenue from Interest Earnings for FY13 onward is based on the Beginning Cash value times the interest rates shown belo	w:													
<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Interest Rate 0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
6 Revenue from charges to the Town of Los Altos Hills is projected to increase by the same annual percentage as the annual	increase in reven	ue from City's Se	ewer Service Cha	rges.										
7 Treatment Plant new debt service is the difference between the existing debt service and aggregate debt service shown in	the City of Palo Al	to Long Range Fa	acilities Plan: Fir	ancing Analysis.										
<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Existing debt service > \$135,956	\$135,439	\$135,795	\$135,351	\$135,441	\$135,674	\$135,769	\$135,186	\$135,433	\$135,307	\$135,499	\$135,416	\$62,097	\$62,097	\$62,097
Aggregate debt service (new + existing) > \$135,956	\$178,276	\$178,632	\$699,744	\$795,481	\$909,472	\$909,587	\$909,984	\$909,231	\$909,105	\$1,136,905	\$1,506,821	\$1,432,503	\$1,432,503	\$1,432,503

\$773,798 \$1,001,406 \$1,371,405 \$1,370,406 \$1,370,406 \$1,370,406

\$0 \$42,837 \$42,837 \$564,393 \$660,040 \$773,798 \$773,818

Table 5 City Sewer Service Charge Rate

	Past	Past	Past	Current								Projected							
Item	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Sewer Service Charge Revenue Requirement, \$	5,600,186	5,168,710	4,654,398	4,256,686	4,507,880	4,724,025	4,945,577	5,226,342	5,516,600	5,871,494	6,240,679	6,637,619	7,062,416	7,515,174	7,995,998	8,504,991	9,042,257	9,621,413	10,229,085
Total Sewer Flow, 100 cf	1,850,728	1,705,805	1,536,274	1,404,939	1,387,179	1,369,283	1,351,251	1,343,533	1,335,739	1,337,470	1,339,202	1,340,933	1,342,665	1,344,396	1,346,128	1,347,859	1,349,591	1,351,322	1,353,054
Sewer Service Charge Rat Rate, \$/100 cf \$ Change % Change	e \$3.03	\$3.03 \$0.00 0%	\$3.03 \$0.00 0%	\$3.03 \$0.00 0%	\$3.25 \$0.22 7.3%	\$3.45 \$0.20 6.2%	\$3.66 \$0.21 6.1%	\$3.89 \$0.23 6.3%	\$4.13 \$0.24 6.2%	\$4.39 \$0.26 6.3%	\$4.66 \$0.27 6.2%	\$4.95 \$0.29 6.2%	\$5.26 \$0.31 6.3%	\$5.59 \$0.33 6.3%	\$5.94 \$0.35 6.3%	\$6.31 \$0.37 6.2%	\$6.70 \$0.39 6.2%	\$7.12 \$0.42 6.3%	\$7.56 \$0.44 6.2%
Maximum Rate Past SF-CIP % Inc, Dec-De Rate Projected SF-CIP % Inc, Dec-De Rate	\$3.03	1.2% \$3.066	2.6% \$3.146	1.5% \$3.192	1.808% \$3.2497	1.808% \$3.31	1.808% \$3.37	1.808% \$3.43	1.808% \$3.49	1.808% \$3.55	1.808% \$3.62	1.808% \$3.68	1.808% \$3.75	1.808% \$3.82	1.808% \$3.89	1.808% \$3.96	1.808% \$4.03	1.808% \$4.10	1.808% \$4.18

Table 6
Single Family and Condominium Sewer Service Charges

	Past	Past	Past	Current Projected															
Item	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Single Family																			
Sewer Service Rate, \$/100 cf	\$3.03	\$3.03	\$3.03	\$3.03	\$3.25	\$3.45	\$3.66	\$3.89	\$4.13	\$4.39	\$4.66	\$4.95	\$5.26	\$5.59	\$5.94	\$6.31	\$6.70	\$7.12	\$7.56
Avg. Sewer Use Per Parcel, 100 cf	150	140	125	109	107	105	103	102	101	101	101	101	101	101	101	101	101	101	101
Average Sewer Charge, \$																			
Annual	\$455.48	\$423.45	\$378.18	\$330.11	\$347.54	\$362.07	\$376.79	\$396.57	\$416.91	\$443.16	\$470.41	\$499.69	\$530.98	\$564.29	\$599.62	\$636.97	\$676.34	\$718.74	\$763.16
Monthly	\$37.96	\$35.29	\$31.51	\$27.51	\$28.96	\$30.17	\$31.40	\$33.05	\$34.74	\$36.93	\$39.20	\$41.64	\$44.25	\$47.02	\$49.97	\$53.08	\$56.36	\$59.90	\$63.60
\$ Change		-\$32.03	-\$45.27	-\$48.07	\$17.43	\$14.52	\$14.72	\$19.79	\$20.34	\$26.25	\$27.26	\$29.27	\$31.29	\$33.31	\$35.33	\$37.35	\$39.37	\$42.40	\$44.42
% Change		-7%	-11%	-13%	5%	4%	4%	5%	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Condominium																			
Sewer Service Rate, \$/100 cf	\$3.03	\$3.03	\$3.03	\$3.03	\$3.25	\$3.45	\$3.66	\$3.89	\$4.13	\$4.39	\$4.66	\$4.95	\$5.26	\$5.59	\$5.94	\$6.31	\$6.70	\$7.12	\$7.56
σονοί σοι που κατό, ψ/ 100 οι	Ψ0.00	Ψ0.00	Ψ0.00	Ψ0.00	Ψ0.20	ψ0.10	Ψ0.00	Ψ0.00	Ψ1.10	Ψ1.00	Ψ1.00	Ψ1.00	40.20	Ψ0.00	Ψ0.0 1	<b>40.01</b>	Ψ0.10	Ψ1.12	Ψ1.00
Avg. Sewer Use Per Parcel, 100 cf	77	70	52	59	58	57	56	55	54	54	54	54	54	54	54	54	54	54	54
Average Sewer Charge, \$																			
Annual	\$234.47	\$212.09	\$157.83	\$179.75	\$189.53	\$197.77	\$206.15	\$215.21	\$224.36	\$238.48	\$253.15	\$268.90	\$285.74	\$303.67	\$322.68	\$342.78	\$363.97	\$386.79	\$410.69
Monthly	\$19.54	\$17.67	\$13.15	\$14.98	\$15.79	\$16.48	\$17.18	\$17.93	\$18.70	\$19.87	\$21.10	\$22.41	\$23.81	\$25.31	\$26.89	\$28.57	\$30.33	\$32.23	\$34.22
\$ Change		-\$22.38	-\$54.26	\$21.92	\$9.78	\$8.23	\$8.38	\$9.06	\$9.15	\$14.12	\$14.67	\$15.75	\$16.84	\$17.93	\$19.01	\$20.10	\$21.19	\$22.82	\$23.90
% Change		-10%	-26%	14%	5%	4%	4%	4%	4%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%