2025 RECYCLED WATER RATE STUDY

San Elijo Joint Powers Authority

JULY 2025

Contents

Tables

Figures

Appendices

Section 1

INTRODUCTION

1.1 Background

1.1.1 About San Elijo Joint Powers Authority

The San Elijo Joint Powers Authority (San Elijo JPA) owns and operates a recycled water utility within San Diego County, California with deliveries beginning in late 2000. At that time, San Elijo JPA initiated recycled water service to Santa Fe irrigation District (SFID), the San Dieguito Water District (SDWD), and the City of Del Mar. Starting in 2011, San Elijo JPA began providing interruptible recycled water service to the Encinitas Ranch Golf Authority (ERGA) as part of an agreement with SDWD and ERGA. Recycled water service to Olivenhain Municipal Water District (OMWD) began in 2012. Service is provided to the purveyors and to ERGA through contract agreements with San Elijo JPA that include specifications for water quality, annual consumption volume, pricing, and other terms and conditions.

San Elijo JPA's recycled water system includes tertiary treatment, transmission, storage, distribution, and advanced water treatment (AWT, i.e., microfiltration and reverse osmosis for salinity control) facilities. The recycled water system has the capacity to produce just over three million gallons per day (mgd). San Elijo JPA's recycled water program creates a locally produced and drought resistant water supply for irrigation and industrial uses, thereby improving water reliability regionally. The San Diego region currently relies on imported water for the majority of its water supply.

San Elijo JPA actively collaborates with the water purveyors to expand the use of recycled water by facilitating customer conversions and connections, expanding distribution and storage infrastructure, and incentivizing infrastructure expansion by the purveyors through pipeline lease and purchase agreements.

1.1.2 Study Purpose

San Elijo JPA retained Carollo Engineers (Carollo) to conduct this 2025 Recycled Water Rate Study (Study) as an update to the Study previously completed in 2021. The purpose of this Study is to assess San Elijo JPA's current recycled water wholesale rates, financial metrics, and recycled water demands and provide rate recommendations starting with fiscal year ending (FYE) 2026 and through FYE 2030.

The tables presented in this report include 5 years of projections through FYE 2030. These projections are important to provide context and guidance to the recommendations for the shorter term. At this time, the Board anticipates adopting rates for only the next four years, FYE 2026 through FYE 2029.

San Elijo JPA's recycled water program has matured over the past 25 years of operation into an established utility and its cost to operate, maintain, and produce recycled water has evolved with the following notable observations:

- The customer base is well established with some identified opportunities for expansion which adds a level of certainty to expected demands.
- Weather patterns, exacerbated by climate change, influence demand fluctuation and can create revenue volatility.

- System components are approaching the end of their expected useful life and will require rehabilitation or replacement in the near term to ensure the system's reliability.
- Recent O&M costs have generally increased from historical records, attributed to supply chain interruptions and inflationary pressure on expendables, chemicals, electricity, and labor resources.
- The incentives that San Elijo JPA receives from the Metropolitan Water District of Southern California (MWD) and from the San Diego County Water Authority (SDCWA) will sunset in September 2025, decreasing annual revenues by approximately $720,000, which had been received for the last 25 years.

Given these factors, it is important that the rate plan provides fiscal stability by providing sufficient reserves to protect from demand fluctuations, generating the necessary revenues to meet San Elijo JPA debt coverage requirements, and allowing for continued investment in the system through capital projects.

1.1.3 Forward-Looking Statement

The calculations and forecasts of this analysis are based on a reasonable projection of existing service costs, recycled water demands, and system operations with information available, and on existing legal requirements. These projections are based upon operational and financial data provided by San Elijo JPA. San Elijo JPA may need to revisit the financial plan and rate setting analysis if significant changes occur in the assumed inputs for this analysis, such as unexpected changes to San Elijo JPA's recycled water agreements, changes occurring in specific California law governing water agencies, or further regulatory actions by the Governor of California or the California State Water Resources Control Board (SWRCB) regarding water.

1.2 Overview of Rate-Setting Process

Carollo's rate-setting methodology is consistent with industry guidelines established by the M1 Manual – Principles of Water Rates, Fees, and Charges, which is published by the American Water Works Association (AWWA), a national industry trade group that makes recommendations on generally accepted practices in the water industry. An overview of this approach is outlined in Figure 1.

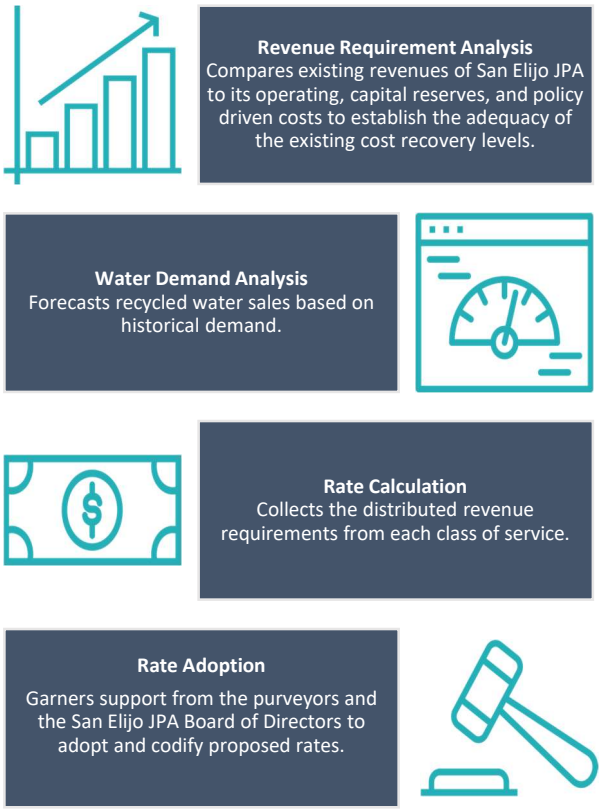


Figure 1 Conceptual Overview of the Rate-Setting Process

1.2.1 Revenue Requirement Analysis

The revenue requirement analysis compares the forecasted revenues of San Elijo JPA (under existing rates and forecasted recycled water demands) to its forecasted operating and capital costs. This step tests the adequacy of the existing rates to recover San Elijo JPA's forecasted costs. If there are shortfalls, rate revenue increases are recommended until the tests are passed.

1.2.2 Recycled Water Demand Analysis

Forecasting recycled water sales is a critical component in the rate setting process. As part of the budget process, San Elijo JPA forecasts the expected recycled water demand based on historical

demand, weather, and other variables. Future demands are based on historic sales and escalated for projected growth. These forecasted recycled water demands are then compared against forecasted revenue requirements and various rates scenarios were reviewed to recover costs, fund capital projects, and meet reserve fund goals.

1.2.3 Rate Calculation

The rate calculation provides the final nexus between the revenue requirements and the final rates that purveyors are charged. This process connects planned expenditures to the designed rates by establishing rates to match the estimated revenue generation with expenditures and to account for adequate program reserves.

1.2.4 Rate Adoption

As a wholesaler providing service under contract agreements, San Elijo JPA avoids the procedural requirements for rate adoption under California Proposition 218, as well as its strict rate setting requirements. Nonetheless, it is important that the recycled water rates are set in a manner that reflects the true revenue requirements of providing recycled water service and proportionally recover those costs from the purveyors based on their usage of the system. San Elijo JPA also proactively engages with the purveyors during the rate setting process to garner support for the rates prior to presenting them to the Board of Directors for consideration and adoption.

1.3 Existing Rate Structure

San Elijo JPA's agreements with SFID, SDWD, OMWD, and the City of Del Mar include minimum annual purchase volumes. San Elijo JPA's interruptible service agreement with ERGA includes a minimum annual delivery volume. All these minimum volume agreements allow the San Elijo JPA to establish a minimum annual revenue stream for the programs, which helps support the San Elijo JPA's AA/AA+ financial rating as well as to help reduce future rate volatility that can result from dramatic swings in annual water purchases from the program participants.

Table 1 Minimum Purchase Volumes

Purveyor	Minimum Purchase Volume (AFY)					
	FYE 2025	**FYE 2026**	**FYE 2027**	**FYE 2028**	**FYE 2029**	**FYE 2030**
Santa Fe Irrigation District	375	375	375	375	375	375
San Dieguito Water District	300	300	300	300	300	300
City of Del Mar	85	75	75	75	75	75
Encinitas Ranch Golf Authority	266	271	276	284	290	295
Olivenhain Municipal Water District	225	225	225	225	225	225
Total Minimum Purchase Volume, All Purveyors	**1,251**	**1,246**	**1,251**	**1,259**	**1,265**	**1,270**

Rate volatility is also limited by terms and conditions within the existing purveyor agreements, which have a floor and ceiling provision that limits rate increases between 2 and 5 percent annually. Following the San Elijo JPA's previous 2021 Recycled Water Rate Study, San Elijo JPA implemented annual 3.9-percent rate increases from FYE 2022 through FYE 2026. Each recycled water purveyor, which the exception of ERGA, has a non-interruptible service agreement with the San Elijo JPA and each is charged the same recycled water rate on a $/AF basis as shown in Table 2 below. ERGA pays pre-determined rates as set forth in the agreement with the San Elijo JPA, as this is an interruptible service agreement, which includes ERGA-provided water storage and

booster station that they operate and maintain at their own cost. As of the latest agreement, adopted in August 2023, ERGA be charged at $1,552.40 per AF for FYE 2025 and will receive annual increases of 5-percent for FYE 2026 through FYE 2032.

Table 2 Existing Recycled Water Rates

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Recycled Water Rate ($/AF)	**$1,640**	**$1,704**	**$1,770**	**$1,839**	**$1,911**

Section 2

ASSUMPTIONS

The San Elijo JPA's recycled water revenues and expenses analyzed in this Study are forecasted based on actual and budgeted revenues, expenses, and demands by customer. Actual and budgeted revenues and expense data were provided by San Elijo JPA. Recycled water demands and cost escalation factors were forecasted based on discussion with San Elijo JPA staff, industry data, and historical trends.

2.1 Recycled Water Demand

Recycled water sold by San Elijo JPA via the purveyors is used almost exclusively for outdoor irrigation, with a minor demand component for industrial uses such as cooling towers and wash-water. Annual demands are influenced heavily by weather variation year-over-year. As shown in Figure 2, recycled water demands have fluctuated historically, with a general upward trend. Demands decreased in FYE 2019 due to above average rainfall. Demands then rebounded through FYE 2022 before decreasing again in FYE 2023 due to another abnormally wet year.

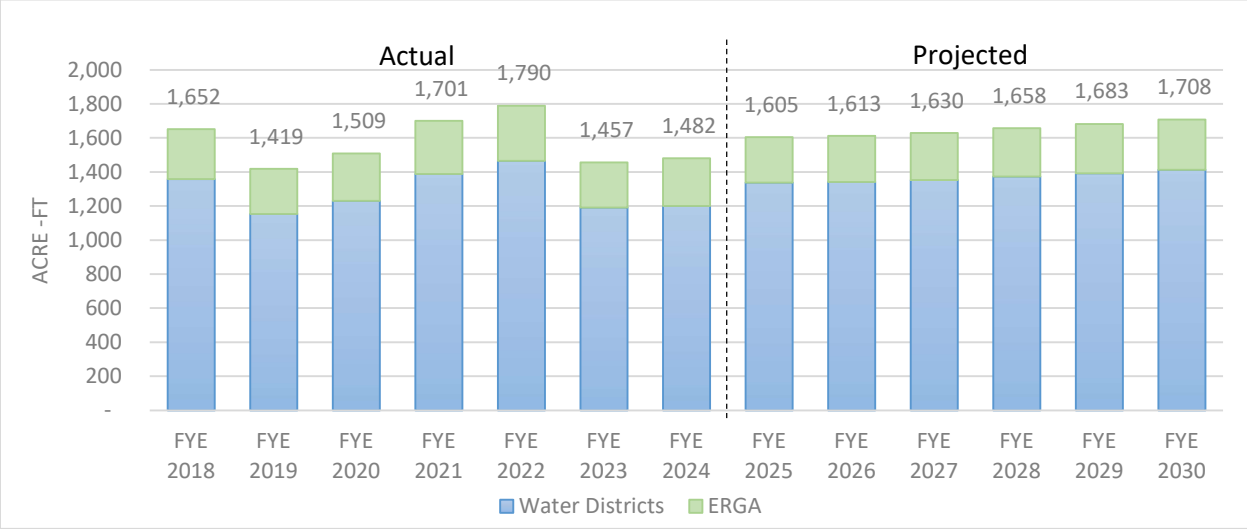


Figure 2 Historical and Projected Recycled Water Demands

Projected demands are based on the approximate average sales for the last three years (FYE 2022 through FYE 2024) with annual increases to reflect expected connections to the system. The growth assumptions are specific to each purveyor and result in an average overall sales growth of approximately 1.25% per year for FYE 2025 through FYE 2030. In total, sales are expected to increase from 1,605 AF in FYE 2025 to 1,708 AF in FYE 2030.

The San Elijo JPA, its member agencies (City of Encinitas and Solana Beach), and the water purveyors have supported the continued investment and growth of recycled water use within their area of influence. Projects completed in the last five years include the Village Park, Encinitas Ranch, and Via de la Valle expansion projects. It should be noted that the connection of new customers to these projects has been slower than originally forecasted.

The projected increase in demands reflect the expectation that new customers will continue to connect to the system via the recently constructed pipelines in Solana Beach and Encinitas, coupled with infill connections and retrofits to San Elijo JPA's existing distribution system, as well as with the return of Caltrans landscape irrigation within the I-5 corridor.

The recycled water revenues analyzed in this Study are forecasted based on the expected demands from each purveyor. Table 3 summarizes the forecasted recycled water demands by purveyor used for the Study.

Table 3 Forecasted Recycled Water Demands (AF)

Customer	Budget FYE 2025	Forecast FYE 2026	Forecast FYE 2027	Forecast FYE 2028	Forecast FYE 2029	Forecast FYE 2030
SFID	580	583	586	595	604	613
SDWD	424	426	428	435	441	448
City of Del Mar	85	75	75	75	75	75
ERGA	266	271	276	284	290	295
OMWD	250	258	265	269	273	277
Total Customer Usage	**1,605**	**1,613**	**1,630**	**1,658**	**1,683**	**1,708**
(Less): ERGA	(266)	(271)	(276)	(284)	(290)	(295)
Total Usage for Rate Calculation	**1,339**	**1,342**	**1,354**	**1,374**	**1,393**	**1,413**

2.2 Operating Revenues

San Elijo JPA collects the majority of is revenue through recycled water sales. San Elijo JPA's other operating revenues include grants and annual incentives provided by MWD and SDCWA, which provides an incentive for up to 1,600 AFY in total annual sales. MWD provides $250/AF, and SDCWA provides $200/AF. The incentive program will sunset in September 2025. Historically, full-year incentive payments have been as high as $720,000 per year, with approximately $200,000 expected in FYE 2026 prior to the end of payments in September 2025.

Table 4 shows operating revenues from FYE 2025 budget to FYE 2030 projections. Each revenue item was calculated based on the projected recycled water demands. ERGA revenue was escalated at 5-percent per year, based on the existing agreement with the San Elijo JPA.

Table 4 Projected Revenues with Current Rates ($1,000s)

Revenue Item	FYE 2025 Budget	FYE 2026 Projection	FYE 2027 Projection	FYE 2028 Projection	FYE 2029 Projection	FYE 2030 Projection
Santa Fe Irrigation District	$1,108	$1,114	$1,120	$1,137	$1,154	$1,171
San Dieguito Water District	810	814	818	831	843	856
City of Del Mar	162	143	143	143	143	143
Olivenhain Municipal Water District	478	493	506	514	522	529

Revenue Item	FYE 2025 Budget	FYE 2026 Projection	FYE 2027 Projection	FYE 2028 Projection	FYE 2029 Projection	FYE 2030 Projection
Total Water District Revenues	**$2,559**	**$2,565**	**$2,587**	**$2,626**	**$2,662**	**$2,700**
MWD/SDCWA Incentives	720	202	0	0	0	0
State/Federal Grants – Capital	1,702	2,303	0	0	0	0
Encinitas Ranch Golf Authority	413	442	472	510	547	584
Meter Fees	0	5	10	10	11	11
Interest Earnings	1,138	527	457	368	281	236
Total Other Revenues	**$3,974**	**$3,480**	**$938**	**$889**	**$839**	**$831**
Total Revenues – Prior to New Increases	**$6,532**	**$6,044**	**$3,526**	**$3,514**	**$3,501**	**$3,531**

Notes:
(1) FYE 2026 MWD/SDCA subsidy revenue reflects a partial year of funding, as the program sunsets in September 2025.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

2.2.1 Meter Fee

As of July 1, 2025 San Elijo JPA has taken over the ownership and maintenance of the 10-inch recycled water meter that is used to serve the 22nd District Agricultural Association. The meter was previously the responsibility of the City of Del Mar. San Elijo JPA will incur new operating and capital expenses including the cost of meter replacement, ongoing maintenance, operational labor, administrative support, and indirect overhead. These costs will be recovered through a monthly meter fee that will be assessed to the 22nd District Agricultural Association starting on January 1, 2026.

San Elijo JPA completed an internal analysis to develop a cost based monthly fee for the 10-inch meter of $780 per month. Carollo reviewed the memo and finds the fee methodology to be appropriate in its level of cost recovery and proportionality to the costs incurred. Table 5 summarizes the costs that are included in the meter fee.

Table 5 Summary of Meter Fee Analysis

Cost Component	Annualized Cost (rounded)
Meter Purchase and Replacement	$1,320
Meter Maintenance (Annual Calibration)	$640
Administration and Legal (Meter Reading, Billing, and Compliance)	$6,470
Contingency	$900
Total Annualized Costs	**$9,330**
Monthly Meter Fee	**$780**

- The **Meter Purchase and Replacement** item includes the annualized materials cost for the meter and miscellaneous ancillary equipment needed to install the meter as well as the labor and equipment costs to install the meter. Materials costs are estimated at $15,017 and labor and equipment costs are estimated at $1,929 for a total replacement cost estimate of $16,496. The replacement estimate is calculated assuming a 15 year amortization at three (3) percent to determine an annualized cost of $1,320.
- The **Meter Maintenance** item is $60 per year and includes annual staff costs of $140 for general inspection and maintenance as well as annual outside services costs of $500 for meter calibration.
- The **Administration and Legal (Meter Reading and Billing)** item includes monthly meter reads, review of meter read and recycled water usage, coordination with County of San Diego Department of Environmental Health inspections, cross connection testing, oversight by management, customer service, and legal costs with associated indirect agency overhead costs. The total annual administrative costs are $6,470.

The total annual costs include a 10-percent contingency equal to $900, to account for unforeseen costs that may be incurred annually or changes to outside services or staff costs from those assumed for the analysis.

Table 6 shows the projected monthly meter fee for each fiscal year as well as the expected meter fee revenues. The Study assumes that the meter fee will be charged stating on January 1, 2026 and increase by five (5) percent per year on January 1 of each year thereafter.

Table 6 Projected Meter Fee and Revenue

	Jan. 1, 2026	Jan. 1, 2027	Jan. 1, 2028	Jan. 1, 2029	Jan. 1, 2030
Annual Increase	n/a	5.0%	5.0%	5.0%	5.0%
Monthly Meter Fee	**$780**	**$819**	**$860**	**$903**	**$948**
	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Fiscal Year Revenues	**$4,680**	**$9,594**	**$10,074**	**$10,578**	**$11,106**

2.3 Operating Expenses

Operating expenses are the costs that San Elijo JPA incurs on an ongoing basis to provide recycled water service to its customers. These costs include items such as personnel expenses, supplies and services, utilities, rent, retrofit expenses, and capital outlay. Costs for most operating line items are projected using San Elijo JPA's FYE 2025 budget as a basis and applying annual escalation factors. Retrofit expenses will be included in the CIPs as part of the Misc. System Repairs and Retrofits item. Capital outlay is budgeted at $40,000 for FYE 2025 but is set to zero thereafter as costs above San Elijo JPA's capitalization threshold will be accounted for in the CIP, while items under the threshold will be included in repair parts.

2.3.1 Cost Escalators

The assumed cost escalation factors for operating and maintenance (O&M) expenses are summarized Table 7 on the next page.

Table 7 O&M Cost Escalation Factors

Cost Escalator	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Operations	4.0%	3.8%	3.8%	3.5%	3.5%
Labor	5.0%	5.0%	5.0%	5.0%	5.0%
Energy	4.0%	4.0%	4.0%	4.0%	4.0%
Chemicals	4.5%	4.5%	4.0%	4.0%	4.0%
Water Cost	4.0%	4.0%	4.0%	4.0%	4.0%
Construction/Capital	4.0%	4.0%	4.0%	4.0%	4.0%

2.3.2 Projected Operating Expenses

Projected operating expenses are summarized in Table 8. As shown, total operating expenses are expected to increase from approximately $2.56 million in FYE 2025 to approximately $3.12 million in FYE 2029. This increase is driven solely by expected cost inflation as San Elijo JPA does not anticipate any changes to recycled water operations that would impact costs over the study timeframe.

Table 8 Projected Operating Expenses

Expense Category/Item	FYE 2025 Budget	FYE 2026 Projection	FYE 2027 Projection	FYE 2028 Projection	FYE 2029 Projection	FYE 2030 Projection
Personnel Costs	$1,053	$1,106	$1,161	$1,219	$1,280	$1,344
Supplies and Services	851	931	961	995	1,023	1,050
Rent	114	116	119	121	123	125
Utilities	506	524	543	563	584	605
Capital Outlay	40	0	0	0	0	0
Total Operating Expenses	**$2,564**	**$2,677**	**$2,785**	**$2,899**	**$3,010**	**$3,124**

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not be tied due to rounding.

2.4 Existing Debt Service

The San Elijo JPA has two outstanding debt service obligations and three pipeline cost reimbursement commitments. Debt service associated with each of the existing debt service obligations is presented below in Table 9.

2.4.1 Outside Debt Obligations

Existing debt service includes a 2012 Municipal Finance Corporation Loan, which funded the San Elijo JPA's AWT facility, and the 2023 loan through Webster Bank. The 2023 loan provided $10,120,000 of proceeds which will be used over the next few years to fund improvements to the recycled water system. The specific projects are discussed further in the Capital Expenditures section.

2.4.2 Pipeline Cost Reimbursements

San Elijo JPA has promoted the expansion of recycled water service within the purveyors' service areas by offsetting the costs of local recycled water transmission and distribution systems through pipeline reimbursement agreements. Existing pipeline cost reimbursement obligations include agreements with SFID, OMWD, and Solana Beach.

SFID Pipeline Transfer and Cost Reimbursement. The SFID Pipeline Transfer and Cost Reimbursement is designed to reimburse SFID for pipeline infrastructure that was constructed to expand its recycled water service. Based on the agreement, San Elijo JPA pays SFID $450 per AF delivered via the subject pipeline, as well as interest payments on the outstanding principal balance. As of the end of FYE 2025, the projected outstanding principal was $200,707. For this analysis, future payments are projected assuming that 80.86 AF are delivered via the pipeline each year. Interest payments are calculated assuming a 2.5 percent interest rate through FYE 2028 and 2.0 percent thereafter. An additional $100,000 towards the principal was paid in FYE 2023.

Solana Beach Pipeline Transfer and Cost Reimbursement. The Solana Beach Pipeline Transfer and Cost Reimbursement Agreement is designed to reimburse the City of Solana Beach for pipeline infrastructure that was constructed to expand its recycled water service. Based on the agreement, San Elijo JPA pays Solana Beach $450 per AF delivered via the subject pipeline and payments will continue until the full construction cost of the pipeline is reimbursed to Solana Beach. As of the end of FYE 2025, the outstanding balance is anticipated to be $406,544. The payment for this pipeline is calculated based on actual deliveries made via the pipeline, which is projected to be 20 AF in FYE 2025, with annual deliveries expected to increase as new customers connect to the pipeline (approximate average increase of 2 AF annually until the ultimate pipeline demand of 32 AFY is reached in FYE 203).

OMWD Pipeline Cost Reimbursement. San Elijo JPA and OMWD entered the OMWD Pipeline Cost Reimbursement to provide a means for San Elijo JPA to compensate OMWD for the use of OMWD's local distribution infrastructure, which is self-funded by OMWD. Based on the agreement, San Elijo JPA pays OMWD $450 per AF delivered to OMWD customers. The projected payments are based on the forecasted demands shown above in Table 3. Based on the specific agreement with OMWD, these payments are included in the "Rent" line item of Table 8 and are not considered as debt service.

Table 9 Existing Debt Service

Debt Item	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
AWP Loan	$148	$148	$148	$148	$148
SFID Pipeline Transfer & Cost Reimbursement	$41	$40	$39	$38	$37
Solana Beach Pipeline Transfer & Cost Reimbursement	$10	$11	$12	$13	$14
2023 Loan Webster Bank, National Association	$779	$779	$779	$778	$779
Total Debt Service	**$978**	**$978**	**$978**	**$977**	**$978**

Notes:
(1) All monetary values in thousands of dollars.
(2) Totals may not be tied due to rounding.

2.5 Capital Expenditures

San Elijo JPA provided Carollo with its planned recycled water capital improvement plan (CIP) for the rate-setting period. The CIP includes a total of $11.0 million in capital expenditures for FYE 2026 through FYE 2030 (2025 dollars).

The CIP consists of prioritized projects designed to improve operational resiliency and reliability, increase access to recycled water, improve water quality, and maintain the existing recycled water systems. Specific projects contemplated in this planning period include:

- The Wanket Tank Refurbishment (and Wanket Recycled Water Pipeline), that will rehabilitate and convert an existing 3-million-gallon potable water tank to recycled water, connected to the north distribution system to improve operational storage and system pressures throughout the system.
- Enhancements to recycled water treatment processes through the integration of advanced biological treatment methods and microfiltration technologies. These approaches are aimed to improve system performance and permit compliance.
- Improvements within the San Elijo Water Campus to increase supply sources to the recycled water system including stormwater capture diversions onsite and from the adjacent regional storm channel, and modifications to secondary effluent diversions from Escondido's land outfall.
- Incidental facility improvements including addition of pump control valves on recycled water pumps, addition of a fourth recycled water pump, and repurposing existing tankage for onsite storage to alleviate operational constraints on recycled water deliveries and to improve system reliability.
- Rehabilitation and replacement of critical assets including distribution system valves, membranes, electrical and control components, and aging pumps.

Grants have been awarded to San Elijo JPA to fund a portion of several of the capital projects. Over the course of the study period, San Elijo JPA expects to receive a total of $2.30 million in grant funds. Approved Proposition 1 grants total $1.16 million for the Wanket Tank and stormwater projects. Approved US Bureau of Reclamation grants total $1.14 million for the Wanket Tank and stormwater diversion.

Capital costs for defined projects were derived from the budgetary estimates that were provided in FYE 2025 dollars. Costs in future years are escalated at 4.0-percent per year to account for expected inflation in construction costs. With the escalation factor applied, the analysis includes approximately $12.4 million in capital expenditures from FYE 2026 to FYE 2030. Table 10 shows the projected CIP.

Table 10 Planned Capital Improvement Plan[(2)]

CIP Project	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Wanket Tank Refurbishment	$1,223	$0	$0	$0	$0
Stormwater Capture & Reuse	$510	$0	$0	$0	$0
Treatment Improvement (Biological or MF Expansion)	$195	$285	$1,145	$870	$2,769
SCADA 3.0 (26% RW Contrib.)	$416	$0	$0	$0	$0
RO Membrane Replacement	$0	$150	$0	$0	$0
MS-2 Capital Portion	$500	$0	$0	$0	$0
MF Feed Pump Upgrades (Pump 3/4)	$100	$0	$0	$0	$0
RW Valve Replacements	$120	$60	$60	$60	$123
Lomas SF Booster Pump Station Rehab	$75	$675	$0	$0	$0
Laboratory Refurbishment (RW Allocation)	$0	$0	$50	$450	$0
Mechanics Shop Upgrades (RW Allocation)	$0	$0	$60	$540	$0
Miscellaneous Capital Projects	$50	$50	$150	$150	$150

CIP Project	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Total Planned CIP (2025 Dollars)	**$3,189**	**$1,220**	**$1,465**	**$2,070**	**$3,042**
Escalated CIP(1)	**$3,317**	**$1,320**	**$1,648**	**$2,422**	**$3,701**

Notes:
(1) Escalated from FYE 2025 dollars.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

Figure 3 shows the projected sources of funding for CIP projects. For FYE 2026 through FYE 2030, approximately $6.2 million will be funded with loan proceeds, and the remaining $6.2 million will be funded with cash from rates and reserves.

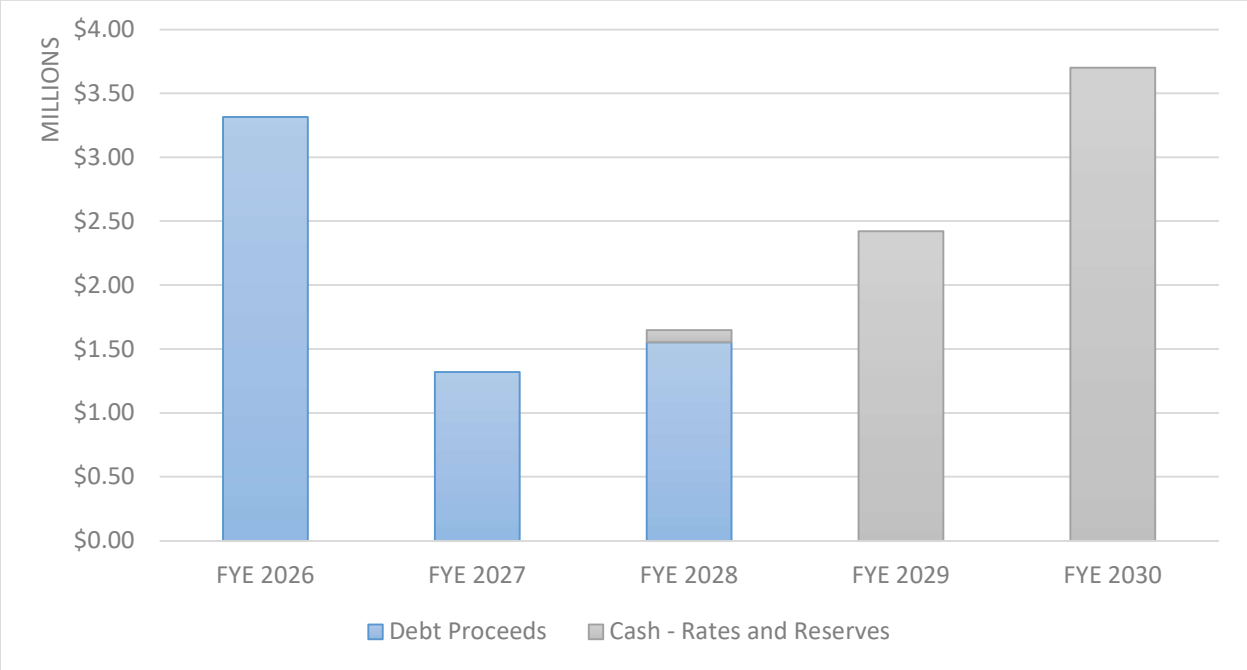


Figure 3 CIP Funding Sources

2.6 Reserve Fund Targets

As a component of the previous Recycled Water Rate Study (2021), San Elijo JPA developed a detailed set of reserve component targets to be used in rate planning. The reserve strategy is similar to the policies of the individual water purveyors, with modifications and refinements to reflect the San Elijo JPA's unique needs. The overall reserve target includes three main components: an operating reserve, a rate stabilization reserve, and a capital improvement and replacement reserve. Each component of the operational reserve provides its own unique set of funding and expense criteria and as such, each has varying target balances based on those defined criteria.

The reserve components and associated targets are described in Table 11 and Table 12, respectively.,

Table 11 Reserve Components

Reserve Fund Component	Function
Operating Reserve	Provides funds to ensure continuity of operations during short-term fluctuations in cash flows due to demand volatility, unanticipated costs, or other factors.
Rate Stabilization Reserve	Provides funding to: • Avoid unacceptable rate increases in combination with a cost-of-service study • Accommodate a temporary reduction in revenues or increase in expenses • Maintain compliance with any indebtedness obligations
Capital Improvement and Replacement Reserve	Provides funds for: • Unplanned or accelerated capital projects • Smooth budgetary and rate impacts of capital expenses • Fund replacement of equipment with short service life • Fund asset management activities

The capital component is determined based on the portion of the CIP that is funded with cash from revenues, reserves, and grants. Including only the cash funded portion of the CIP recognizes that loan funding has been secured for the much of the CIP, and the associated debt service is included in the rate stabilization reserve component.

Table 12 Reserve Component Targets

Reserve Fund Component	Minimum Target	Maximum Target
Operating Reserve	60 Days of Operating Expenses	120 Days of Operating Expenses
Rate Stabilization Reserve	One year of debt service payments *Plus* 25-percent of the current fiscal year's budgeted sales revenue	One year of debt service payments *Plus* 100-percent of the current fiscal year's budgeted sales revenue
Capital Improvement and Replacement Reserve	100-percent current year cash CIP, 50% second year cash CIP, and 25% third year cash CIP	100-percent of current, second-, and third-year cash CIP

Table 13, on the next page, shows the minimum and maximum reserve targets for FYE 2026. Because the reserve targets are tied to specific costs within the projections, the targets vary depending upon the value of those specific costs. The targets presented in Table 13 are based on the operating cost projected above, the CIP with the planned project implementation timing, and assume that no additional debt is issued. If additional debt were to be issued, the reserve target would be adjusted accordingly based on the associated annual debt service (rate stabilization component) and the use of additional debt proceeds for capital funding (capital component). Targets are recalculated each year based on the costs projected at that time. The increased capital costs over the next three years drive higher reserve targets for the Capital Improvement and Replacement Reserve. Once the projects are completed, this component of the reserve target will be reduced.

Table 13 FYE 2026 Reserve Targets

Reserve Fund	Minimum Target	Maximum Target
Operating Reserve	$440	$880
Rate Stabilization Reserve - Debt Service	978	978
Rate Stabilization Reserve - Budgeted Revenues(1)	694	2,776
Subtotal: Rate Stabilization Reserve	$2,112	$4,634
Capital Improvement and Replacement Reserve	$23	$93
Total Reserve Target	**$2,135**	**$4,727**

Notes:
(1) Based on rate revenues, assuming that the scenario 1 rate increases discussed in the next section are implemented for FYE 2026.
(2) All monetary values in thousands of dollars.
(3) Totals may not tie due to rounding.

Section 3

REVENUE REQUIREMENTS AND RATES

The revenue requirement analysis is a test of a utility's fiscal health, scrutinizing the adequacy of current revenues against funding needs. This test sets the basis for rate planning and reviews the viability of the utility's revenues against operating and capital expenses, debt service, and reserve policy targets. Where cash flows and balances are insufficient, the revenue requirement analysis recommends the additional cash flows needed to meet all funding goals.

Carollo collected actual and budgeted revenues and expenditures, recycled water production costs, reserve fund balances and policies, planned capital improvement plan expenditures, existing and future annual debt service, and other relevant financial data to forecast funding needs. Once this forecast is established, three tests define the annual revenues necessary.

1. The **Cash Flow Sufficiency Test** looks for a net positive cash flow at the end of each fiscal year. This test looks at whether revenues exceed expenses. When they do not, this test recommends additional revenue.
2. The **Debt Service Coverage Test** assesses the ability of the utility to cover debt service payments. Utility debt issuances regularly include a stipulation that the agency maintains enough cash flows to cover the planned debt service plus an additional percentage of that debt service. San Elijo JPA's current outstanding debt obligations require a coverage ratio of 1.15x. A higher target is used in rate planning efforts so that the required ratio can still be met in the event that revenues decrease or unforeseen costs are incurred. Further, the higher multiple can provide credit rating agencies with additional evidence of San Elijo JPA's strong financial health and support San Elijo JPA's credit rating to reduce long-term borrowing costs. For rate planning purposes, coverage is targeted at a minimum of 1.5x, though that goal may not be achieved in all years.
3. The **Reserve Sufficiency Test** assesses the ability of the utility to meet the minimum reserve target through the Study period. If projected year end reserve balances fall below the minimum target, this test recommends additional revenue.

The study looks at all three tests over the study period to identify years where revenue adjustments are necessary. Carollo also considers the impact of the projected financial plan on San Elijo JPA's reserve balances and looks at operating, capital, and other funds' performance against San Elijo JPA policy minimums.

While the tests are calculated on a year-by-year basis, responsible rate planning should consider rate impacts and financial results over multiple years. The legally required 1.15x coverage ratio must be met in all years, however, the other tests may fall short in some years to allow for rate smoothing or to avoid planning for requirements that will decrease in coming years. For example, the plan developed for this Study anticipates drawing down on reserves to fund capital projects after the remaining loan proceeds have been spent. While this is indicated by negative cash flows in years where reserves are used, rates can still be kept lower due to the planned use of reserves, to avoid rate shock.

3.1 Rate Increase Drivers

The San Elijo JPA has strived to minimize rate increases by pursuing grant funding for capital projects, implementing cost controls on internal costs (including constraining capital spending, monitoring and minimizing outside professional services, renegotiating chemical vendor agreements, etc.), and using debt to

fund capital improvements. However, several factors outside of San Elijo JPA's direct control have contributed to the need for recycled water rate increases.

1. Subsidy revenues from SDCWA and MWD will decrease from $720,000 per year to just over $200,000 per year in FYE 2026 and will cease entirely starting in FYE 2027 as the Local Resource Program agreement sunsets. Increases in rate revenues are required to make up for the associated shortfalls.
2. Unpredictable weather patterns have led to decreased usage in recent years leading to revenue shortfalls and placing pressure on reserves.
3. Capital improvements are needed to maintain the high level of service for recycled water users and enhance recycled water availability. Uptake of recycled water service by future users will increase demands and ultimately lead to lower rates for all users in the long-term as the majority of San Elijo JPA's recycled water costs are fixed.
4. Inflationary pressure on operating costs has caused increases in operating costs to outrun previous rate increases. From FYE 2020 to FYE 202 (the most recent year where actual costs are available) annual operating costs increased by approximately $920,000 due to increases in materials and supply costs, utilities, and labor costs.

3.2 Revenue Requirements Comparison

Several rate increase scenarios were developed and evaluated to identify the recommended rate adjustments. These scenarios were presented and discussed at two public workshops held in March and May 2025 at the San Elijo Water Campus. Feedback from the public and water district staff emphasized the importance of minimizing future rate increases to the extent practical. The scenarios outlined herein reflect Board direction provided during the May 2025 workshop.

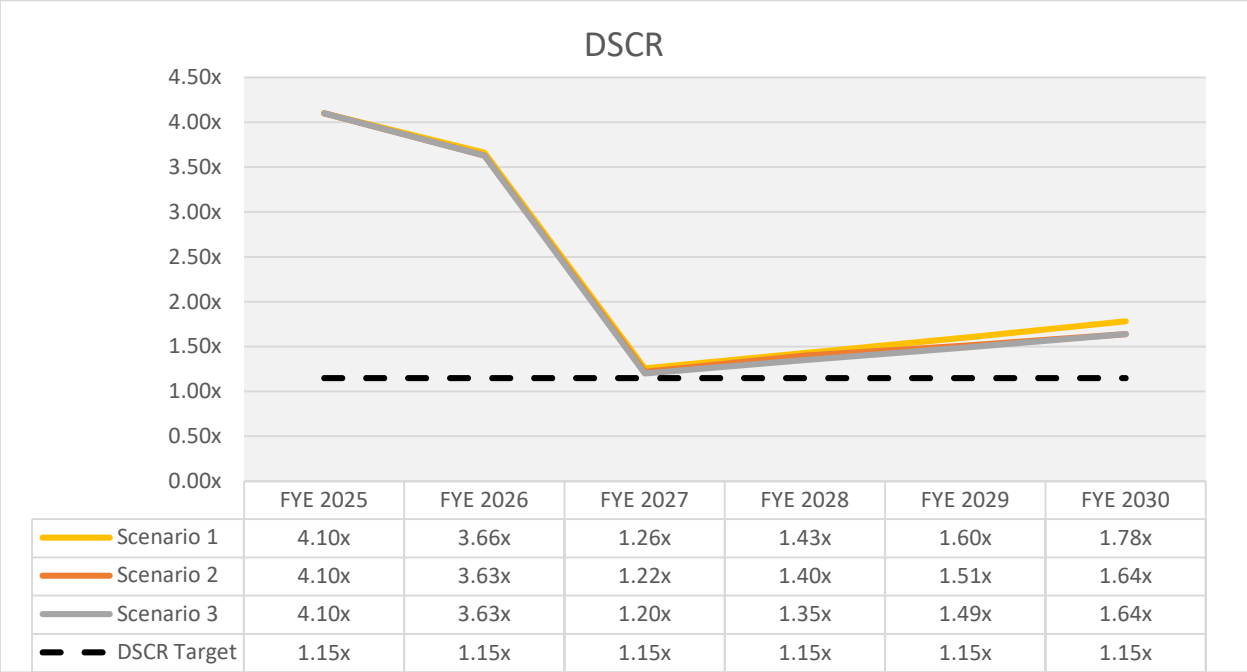
In alignment with the Board's guidance, each scenario includes an initial 3.9% rate increase effective July 1, 2025, followed by a second increase on January 1, 2026, for Fiscal Year Ending (FYE) 2026. This phased approach is intended to provide ratepayers with some relief during the high-demand summer months and allow additional time to prepare for the full increase. For all subsequent years, rate increases would take effect in full on January 1 of each year. Table 14 presents the rate adjustments and projected rates for each scenario.

Table 14 Rate Increase Scenarios

	FYE 2026		FYE 2027	FYE 2028	FYE 2029	*FYE 2030*
	Jul. 1	Jan. 1	Jan.1	Jan.1	Jan.1	*Jan.1*
Scenario 1 - Recommended						
Rate Increase	3.9%	10.0%	10.0%	8.0%	8.0%	*4.5%*
Rate per Acre-ft	$1,986	$2,184	$2,402	$2,595	$2,802	*$2,928*
Scenario 2						
Rate Increase	3.9%	7.8%	12.0%	6.5%	6.0%	*4.5%*
Rate per Acre-ft	$1,986	$2,140	$2,397	$2,553	$2,706	*$2,828*
Scenario 3						
Rate Increase	3.9%	7.8%	9.8%	7.8%	6.9%	*4.5%*
Rate per Acre-ft	$1,986	$2,140	$2,350	$2,533	$2,708	*$2,830*

Debt Coverage

Meeting the required debt service coverage ratio is the primary driver of rate increases in the short term. Figure 4 shows the projected debt service coverage ratio for each of the analyzed rate increase strategies as well as the required coverage of 1.15x. The sunsetting of incentive payments will shift the burden of the coverage obligation almost entirely to rates. For all scenarios, the projected coverage factor falls to its lowest point in FYE 2027. With Scenario 1, rate increases show that the projected coverage in that year would be 1.26x, a buffer of only approximately $108,000 for that year. With Scenarios 2 and 3, projected coverage in FYE 2027 would be 1.22x and 1.20x, respectively.



	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Scenario 1	4.10x	3.66x	1.26x	1.43x	1.60x	1.78x
Scenario 2	4.10x	3.63x	1.22x	1.40x	1.51x	1.64x
Scenario 3	4.10x	3.63x	1.20x	1.35x	1.49x	1.64x
DSCR Target	1.15x	1.15x	1.15x	1.15x	1.15x	1.15x

Figure 4 Projected Debt Coverage Comparison

Figure 5 shows the projected reserves, excluding debt proceeds, for each of the analyzed rate increase strategies as well as the reserve maximum and minimum targets. As shown, the projected reserves for all the scenarios follow a similar profile. Reserve levels will increase in FYE 2026 due to expected grant receipts and be held relatively flat through FYE 2028 as the remaining loan proceeds will be used to fund capital in those years. After that time, reserves will be drawn down to fund capital projects. With the Scenario 1 rate increases, reserves will remain above the minimum target through the end of the Study period in FYE 2029, while Scenarios 2 and 3 would fall slightly below the minimum target in FYE 2029. All scenarios project that the reserve balance will be below the minimum target in FYE 2030 however, San Elijo may adjust the reserve policy or capital funding strategy before that time to avoid a reserve deficit.

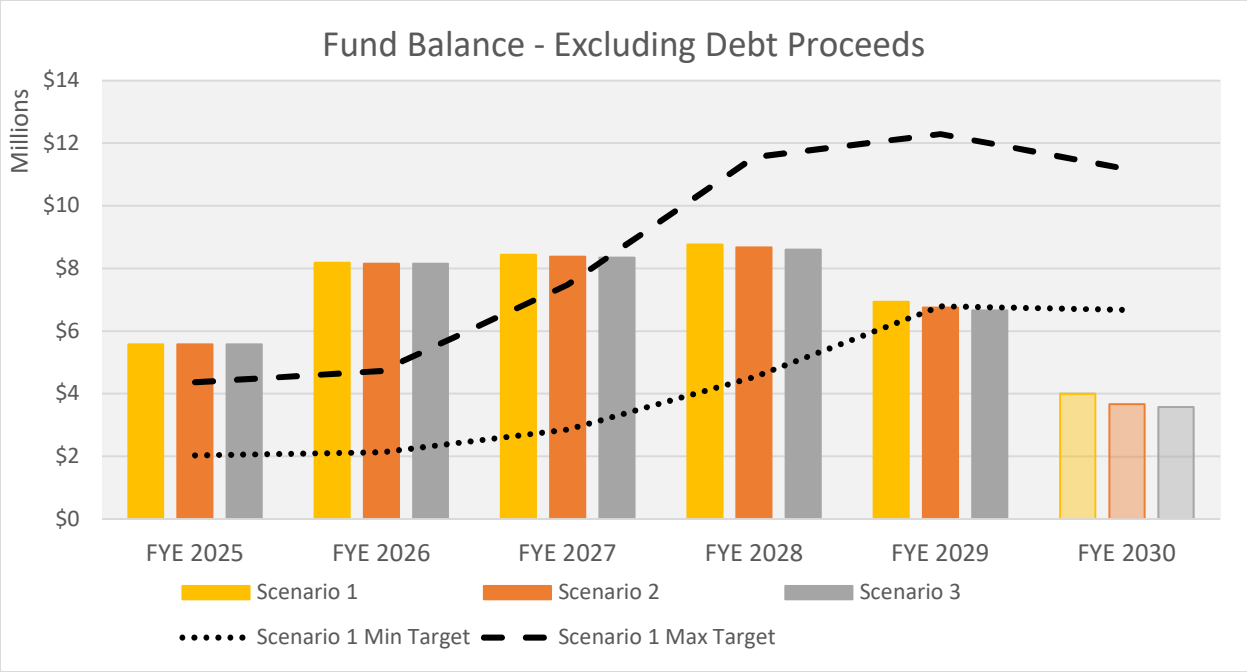


Figure 5 Projected Reserve Fund Balance Comparison

3.3 Recommended Option

Based on the results of the revenue requirements analysis for each scenario, Carollo recommends Scenario 1. In the short term, the increases are necessary so that San Elijo JPA can meet its coverage obligation, with a minimal $108,000 buffer in FYE 2027. This level of coverage is still very close to the minimum requirement as that $108,000 buffer would only equate to about 47 acre-ft of sales at the projected rates for that year.

As noted previously, the underlying driver leading to the need for large rate increases is the setting of incentive payments, which reduces revenues by approximately $720,000 per year. The Scenario 1 rate increases for FYE 2026, FYE 2027, FYE 2028, and part of the FYE 2029 increase are necessary to replace most but not all of those lost revenues. After that time, subsequent increases will provide further funds needed to continue investments in capital projects and keep pace with inflationary increases in operating costs. Table 15 (on the next page) summarizes the financial forecast and the cash flow and debt coverage tests.

Table 16 (on the next page) summarizes the projected reserves with the Scenario 1 increases. Once the remining proceeds of the 2023 loan are spent, reserves will be drawn down to fund capital projects. Overall, the fund balance is projected to remain above the minimum target balance throughout the study period.

Similar tables for Scenario 2 and Scenario 3 are included for reference in the appendix.

Table 15 Cash Flow Sufficiency and Coverage Tests with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Rate Increase	Jul. 1: 3.9% Jan. 1: 10%	Jan. 1: 10.0%	Jan. 1: 8.0%	Jan. 1: 8.0%	Jan. 1: 3.0%
Cash Flow Test					
Rate Revenues under Existing Rates	$2,565	$2,587	$2,626	$2,662	$2,700
Revenue From Rate Increases	212	493	786	1,073	1,334
Other Revenues	3,480	938	889	839	831
Total Revenues	**$6,256**	**$4,019**	**$4,300**	**$4,575**	**$4,865**
Operating Expenses	2,677	2,785	2,899	3,010	3,124
Debt Service	978	978	978	977	978
PAYGO Capital (inc. Grants)	0	0	93	2,422	3,701
Total Expenses	**$3,655**	**$3,763**	**$3,970**	**$6,408**	**$7,803**
Operating Cash Flows Contribution to (Use of) Reserves	**$2,600**	**$257**	**$330**	**($1,834)**	**($2,938)**
Debt Coverage Test					
Total Operating Revenues	$6,256	$4,019	$4,300	$4,575	$4,865
Less: Operating Expenses (Exc. Capital Outlay)	(2,677)	(2,785)	(2,899)	(3,010)	(3,124)
Revenues Available for Debt Service	**$3,578**	**$1,234**	**$1,401**	**$1,565**	**$1,741**
DSCR, after rate increase	**3.66x**	**1.26x**	**1.43x**	**1.60x**	**1.78x**

Notes:
(1) All monetary values are in thousands of dollars.
(2) Totals may not tie due to rounding.

Table 16 Projected Reserves and Loan Proceeds with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Reserve Funds					
Beginning Fund Balance[(1)]	$5,580	$8,180	$8,437	$8,767	$6,933
Operating Cash Flows	2,600	257	423	588	763
PAYGO Capital	0	0	(93)	(2,422)	(3,701)
Ending Fund Balance	**$8,180**	**$8,437**	**$8,767**	**$6,933**	**$3,995**
Minimum Reserve Target	*$2,135*	*$2,858*	*$4,537*	*$6,795*	*$6,678*
Maximum Reserve Target	*$4,727*	*$7,489*	*$11,559*	*$12,295*	*$11,178*
Loan Proceeds					
Beginning Balance	$6,191	$2,874	$1,555	$0	$0
Use of Funds for Projects	(3,317)	(1,320)	(1,555)	0	0
Ending Balance	**$2,874**	**$1,555**	**$0**	**$0**	**$0**

Notes:
(1) All monetary values are in thousands of dollars.
(2) Totals may not tie due to rounding.

Table 17 shows the calculated rate revenue from the water districts, with the Scenario 1 rate increases, and compares it to the total rate revenue required. The total rate revenue required is the amount that needs to be recovered from the water districts. It is calculated by summing the Total Expenses and the Contribution to (Use of) reserves lines from Table 15 and subtracting the Other Revenues (also from Table 15) as they offset the costs that need to be recovered through rates. As shown, the calculated Fiscal Year Rate Revenues are equal to the Total Rate Revenue Required, indicating that the recommended rates would appropriately recover costs.

Table 17 Calculated Rates and Rate Revenue with Scenario 1

Item	FYE 2026 Jul. 1	FYE 2026 Jan. 1	FYE 2027 Jan. 1	FYE 2028 Jan. 1	FYE 2029 Jan. 1	FYE 2030 Jan. 1
Projected Rate Revenues From the Water Districts						
Recycled Water Rate ($/acre-ft)	**$1,986**	**$2,184**	**$2,402**	**$2,595**	**$2,802**	**$2,928**
Fiscal Year Sales (acre-ft)	1342		1354	1374	1393	1413
Sales (Jul. through Dec.)	780		787	799	810	822
Sales (Jan. through Jun.)	562		567	575	583	591
Fiscal Year Rate Revenues ($1,000s)	**$2,776**		**$3,081**	**$3,412**	**$3,735**	**$4,034**
Rate Revenue Requirements ($1,000s)						
Total Expenses	$3,655		$3,763	$3,970	$6,408	$7,803
Contribution To (Use Of) Reserves	2,600		257	330	(1,834)	(2,938)
Less: Other Revenues	(3,480)		(938)	(889)	(839)	(831)
Total Rate Revenue Required	**$2,776**		**$3,081**	**$3,412**	**$3,735**	**$4,034**

Notes:
(1) Totals may not tie due to rounding.

Section 4

RECOMMENDATIONS

4.1 Rate Increases

Several factors have combined to place increased pressure on San Elijo JPA's recycled water rates and have necessitated this update to the recycled water rate study.

1. MWD and SDCWA subsidies will sunset in FYE 2026 leading to a decrease in revenues of approximately $720,000 per year.
2. Recycled water demands remain volatile and drive the need for maintenance of reserves.
3. Capital investments are required to maintain the system's assets and level of service.
4. High inflation has led to substantial increases in operating costs and though future inflation is expected to flatten, rates have fallen behind the increase in operating costs.

Based on these factors, Carollo recommends that rate increases be implemented based on Scenario 1 for FYE 2026 through FYE 2029. San Elijo JPA should reassess the need for future increases after FYE 2029 based on the status of the recycled water program and the information available at that time, or earlier if conditions identify a need for review. The recommended rates are shown in Table 18A.

Table 18 Recommended Rates

	FYE 2026		FYE 2027	FYE 2028	FYE 2029	*FYE 2030*
	Jul. 1	Jan. 1	Jan.1	Jan.1	Jan.1	*Jan.1*
Rate Increase	3.9%	10.0%	10.0%	8.0%	8.0%	*4.5%*
Rate per Acre-ft	**$1,986**	**$2,184**	**$2,402**	**$2,595**	**$2,802**	***$2,928***

Appendix A

SCENARIO 2 FINANCIAL FORECAST

Table A.1 shows the results for the cash flow and debt coverage tests for Scenario 2. With the Scenario 2 rate increases, calculated debt coverage for FYE 2027 would be 1.22x. This would provide very little buffer in the event of decreased revenues or an increase in costs. For FYE 2027, the projected 0.07x coverage surplus would equate to only $68,000. This would be equivalent to only 28.5 acre-ft of sales at the January 1, 2027, rate.

Table A.2 shows the projected reserves for Scenario 2. With the Scenario 2 rate increases, reserves would fall below the minimum target in FYE 2029.

Table A.1 Cash Flow Sufficiency and Coverage Tests with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Rate Increase	Jul. 1: 3.9% Jan. 1: 7.8%	Jan. 1: 12.0%	Jan. 1: 6.5%	Jan. 1: 6.0%	Jan. 1: 4.5%
Cash Flow Test					
Rate Revenues under Existing Rates	$2,565	$2,587	$2,626	$2,662	$2,700
Revenue From Rate Increases	187	456	758	984	1,196
Other Revenues	3,480	938	887	837	827
Total Revenues	**$6,231**	**$3,982**	**$4,271**	**$4,483**	**$4,723**
Operating Expenses	2,677	2,785	2,899	3,010	3,124
Debt Service	978	978	978	977	978
PAYGO Capital (inc. Grants)	0	0	93	2,422	3,701
Total Expenses	**$3,655**	**$3,763**	**$3,970**	**$6,408**	**$7,803**
Operating Cash Flows Contribution to (Use of) Reserves	**$2,576**	**$219**	**$300**	**($1,926)**	**($3,080)**
Debt Coverage Test					
Total Operating Revenues	$6,231	$3,982	$4,271	$4,483	$4,723
Less: Operating Expenses (Exc. Capital Outlay)	(2,677)	(2,785)	(2,899)	(3,010)	(3,124)
Revenues Available for Debt Service	**$3,554**	**$1,197**	**$1,372**	**$1,473**	**$1,599**
DSCR, after rate increase	**3.63x**	**1.22x**	**1.40x**	**1.51x**	**1.64x**

Notes:
All monetary values are in thousands of dollars.
Totals may not tie due to rounding.

Table A.2 Projected Reserves and Loan Proceeds with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Reserve Funds					
Beginning Fund Balance[(1)]	$5,580	$8,156	$8,375	$8,675	$6,749
Operating Cash Flows	2,576	219	394	496	621
PAYGO Capital	0	0	(93)	(2,422)	(3,701)
Ending Fund Balance	**$8,156**	**$8,375**	**$8,675**	**$6,749**	**$3,669**
Minimum Reserve Target	*$2,129*	*$2,849*	*$4,530*	*$6,773*	*$6,643*
Maximum Reserve Target	*$4,703*	*$7,452*	*$11,530*	*$12,205*	*$11,040*
Loan Proceeds					
Beginning Balance	$6,191	$2,874	$1,555	$0	$0
Use of Funds for Projects	(3,317)	(1,320)	(1,555)	0	0
Ending Balance	**$2,874**	**$1,555**	**$0**	**$0**	**$0**

Notes:
All monetary values are in thousands of dollars.
Totals may not tie due to rounding.

Appendix B

SCENARIO 3 FINANCIAL FORECAST

Table B.1 shows the results for the cash flow and debt coverage tests for Scenario 3. With the Scenario 3 rate increases, calculated debt coverage for FYE 2027 would be 1.20x. This would provide very little buffer in the event of decreased revenues or an increase in costs. For FYE 2027, the projected 0.05x coverage surplus would equate to only $49,000. This would be equivalent to only 20.8 acre-ft of sales at the January 1, 2027, rate.

Table B.2 shows the projected reserves for Scenario 3. With the Scenario 3 rate increases, reserves would fall below the minimum target in FYE 2029.

Table B.1 Cash Flow Sufficiency and Coverage Tests with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Rate Increase	Jul. 1: 3.9% Jan. 1: 7.8%	Jan. 1: 9.8%	Jan. 1: 7.8%	Jan. 1: 6.9%	Jan. 1: 4.5%
Cash Flow Test					
Rate Revenues under Existing Rates	$2,565	$2,587	$2,626	$2,662	$2,700
Revenue From Rate Increases	187	429	709	969	1,199
Other Revenues	3,480	938	887	835	824
Total Revenues	**$6,231**	**$3,955**	**$4,221**	**$4,466**	**$4,723**
Operating Expenses	2,677	2,785	2,899	3,010	3,124
Debt Service	978	978	978	977	978
PAYGO Capital (inc. Grants)	0	0	93	2,422	3,701
Total Expenses	**$3,655**	**$3,763**	**$3,970**	**$6,408**	**$7,803**
Operating Cash Flows Contribution to (Use of) Reserves	**$2,576**	**$192**	**$251**	**($1,942)**	**($3,080)**
Debt Coverage Test					
Total Operating Revenues	$6,231	$3,955	$4,221	$4,466	$4,723
Less: Operating Expenses (Exc. Capital Outlay)	(2,677)	(2,785)	(2,899)	(3,010)	(3,124)
Revenues Available for Debt Service	**$3,554**	**$1,170**	**$1,322**	**$1,456**	**$1,599**
DSCR, after rate increase	**3.63x**	**1.20x**	**1.35x**	**1.49x**	**1.64x**

Notes:
All monetary values are in thousands of dollars.
Totals may not tie due to rounding.

Table B.2 Projected Reserves and Loan Proceeds with Scenario 1 Increases

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Reserve Funds					
Beginning Fund Balance[(1)]	$5,580	$8,156	$8,348	$8,599	$6,657
Operating Cash Flows	2,576	192	344	480	621
PAYGO Capital	0	0	(93)	(2,422)	(3,701)
Ending Fund Balance	**$8,156**	**$8,348**	**$8,599**	**$6,657**	**$3,577**
Minimum Reserve Target	*$2,129*	*$2,842*	*$4,517*	*$6,769*	*$6,644*
Maximum Reserve Target	*$4,703*	*$7,425*	*$11,482*	*$12,190*	*$11,043*
Loan Proceeds					
Beginning Balance	$6,191	$2,874	$1,555	$0	$0
Use of Funds for Projects	(3,317)	(1,320)	(1,555)	0	0
Ending Balance	**$2,874**	**$1,555**	**$0**	**$0**	**$0**

Notes:
All monetary values are in thousands of dollars.
Totals may not tie due to rounding.