

City of Salinas - Sewer Rates/Max Bonding Capacity with minimum 125% coverage (31% PayGo with 69% Bonds)
Calendar Years 2025-2034

Study Year Number	Current Budget ¹	1	2	3	4	5	6	7	8	9	10	Totals Years 1-10
Calendar Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	
Rate (\$ per EDU -Monthly)	\$ 5.45	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70	\$ 18.05	\$ 18.41	\$ 18.78	\$ 19.16	\$ 19.54	
		200.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
EDUs	60,558	60,558	61,164	61,776	62,393	63,017	63,647	64,284	64,927	65,576	66,232	
Operations												
Operating Revenue												
City of Salinas Rate Revenue	\$ 3,960,518	\$ 11,881,554	\$ 12,240,377	\$ 12,610,037	\$ 12,990,860	\$ 13,383,184	\$ 13,787,356	\$ 14,203,734	\$ 14,632,687	\$ 15,074,594	\$ 15,529,847	
Investment Interest												
Net Income Carry Forward from Prior Year	0	0	0	0	0	0	0	0	0	0	0	
Inspection Fees												
Total Operating Revenue	\$ 3,960,518	\$ 11,881,554	\$ 12,240,377	\$ 12,610,037	\$ 12,990,860	\$ 13,383,184	\$ 13,787,356	\$ 14,203,734	\$ 14,632,687	\$ 15,074,594	\$ 15,529,847	\$ 136,334,229
Operational Expenses												
Salaries and Benefits	\$ 1,954,090	\$ 2,100,647	\$ 2,258,195	\$ 2,427,560	\$ 2,609,627	\$ 2,805,349	\$ 3,015,750	\$ 3,241,931	\$ 3,485,076	\$ 3,746,457	\$ 4,027,441	
Supplies and Materials	\$ 241,000	\$ 259,075	\$ 278,506	\$ 299,394	\$ 321,848	\$ 345,987	\$ 371,936	\$ 399,831	\$ 429,818	\$ 462,055	\$ 496,709	
Outside Services	\$ 388,000	\$ 417,100	\$ 448,383	\$ 482,011	\$ 518,162	\$ 557,204	\$ 598,801	\$ 643,711	\$ 691,989	\$ 743,889	\$ 799,680	
Other Charges	\$ 397,500	\$ 427,313	\$ 459,361	\$ 493,813	\$ 530,849	\$ 570,663	\$ 613,462	\$ 659,472	\$ 708,932	\$ 762,102	\$ 819,260	
NPDES Allocation	\$ 536,920	\$ 577,189	\$ 620,478	\$ 667,014	\$ 717,040	\$ 770,818	\$ 828,629	\$ 890,777	\$ 957,585	\$ 1,029,404	\$ 1,106,609	
Total Operational Expenses	\$ 3,517,510	\$ 3,781,323	\$ 4,064,922	\$ 4,369,792	\$ 4,697,526	\$ 5,049,841	\$ 5,428,579	\$ 5,835,722	\$ 6,273,401	\$ 6,743,906	\$ 7,249,699	\$ 53,494,711
Net Operating Income before Debt Service	\$ 443,008	\$ 8,100,231	\$ 8,175,455	\$ 8,240,245	\$ 8,293,334	\$ 8,333,343	\$ 8,358,777	\$ 8,368,012	\$ 8,359,286	\$ 8,330,688	\$ 8,280,148	\$ 82,839,518
Debt Service												
Current Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 859,384	\$ 863,658	\$ 862,054	\$ 864,951	\$ 861,608	\$ 862,093	\$ 856,582	\$ 860,170	\$ 8,618,887
First Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Second Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,017,404	\$ 1,017,404	\$ 1,017,404	\$ 1,017,404	\$ 1,017,404	\$ -
Third Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,892,346	\$ 1,892,346	\$ -
Total Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 859,384	\$ 863,658	\$ 862,054	\$ 864,951	\$ 861,608	\$ 862,093	\$ 856,582	\$ 860,170	\$ 8,618,887
Debt Service Ratio (1.25 Minimum)	0.52	9.36	9.47	2.23	2.24	2.26	1.77	1.78	1.77	1.26	1.25	
Net Operating Income After Debt Service	\$ (413,072)	\$ 7,234,846	\$ 7,312,453	\$ 4,547,871	\$ 4,596,685	\$ 4,638,299	\$ 3,643,432	\$ 3,656,010	\$ 3,646,799	\$ 1,731,365	\$ 1,677,237	\$ 42,684,997
Transfer to Operating Reserve			\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Replacement Program		\$ (7,234,846)	\$ (5,312,453)	\$ (4,547,871)	\$ (4,596,685)	\$ (4,638,299)	\$ (3,643,432)	\$ (3,656,010)	\$ (3,646,799)	\$ (1,731,365)	\$ (1,677,237)	\$ (40,684,997)
Net Year End Balance in Operating Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fiscal Year	1	2	3	4	5	6	7	8	9	10		
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035		
Carry Forward from Prior Year	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	
Interest Earnings on Fund Balance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	
Less: Transfer Interest Earnings to Capital Fund	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	
Less: Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Year End Balance	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	

Fiscal Year	1	2	3	4	5	6	7	8	9	10	Totals	
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035		
Carry Forward from Prior Year	0	\$ -	\$ 1,071,724	\$ 32,208,550	\$ 16,578,055	\$ 52,013	\$ 8,906,534	\$ 3,513,557	\$ 52,494	\$ 19,623,900	\$ 11,590,980	
Transfer In from Operating Account	0	\$ 7,234,846	\$ 5,312,453	\$ 4,547,871	\$ 4,596,685	\$ 4,638,299	\$ 3,643,432	\$ 3,656,010	\$ 3,646,799	\$ 1,731,365	\$ 1,677,237	\$ 40,684,997
Interest Earnings on Fund Balance	0	\$ 21,434	\$ 644,171	\$ 331,561	\$ 1,040	\$ 178,131	\$ 70,271	\$ 1,050	\$ 392,478	\$ 231,820	\$ 1,871,956	
Interest Earnings from Operating Reserve		\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 320,000
Bond Issuance		\$ -	\$ 39,192,760	\$ -	\$ -	\$ 14,075,196	\$ -	\$ -	\$ 26,179,504	\$ -	\$ -	
Less: Capital Outlay for Projects	\$ -	\$ 6,163,122	\$ 13,389,822	\$ 20,862,537	\$ 21,494,288	\$ 9,900,014	\$ 9,254,539	\$ 7,227,344	\$ 10,295,947	\$ 10,196,763	\$ 6,037,883	\$ 114,822,258
Year End Balance	\$ -	\$ 1,071,724	\$ 32,208,550	\$ 16,578,055	\$ 52,013	\$ 8,906,534	\$ 3,513,557	\$ 52,494	\$ 19,623,900	\$ 11,590,980	\$ 7,502,154	

Notes:

1. The current monthly rate per EDU of \$5.45 is insufficient to meet operating expenses and debt service requirements. A monthly rate of \$9.54 per EDU would be required to breakeven.

FIRST ISSUANCE		SECOND ISSUANCE		THIRD ISSUANCE	
AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%
BOND TERM (YEARS)	30	BOND TERM (YEARS)	30	BOND TERM (YEARS)	30
COST OF ISSUANCE (%)	3.50%	COST OF ISSUANCE (%)	3.50%	COST OF ISSUANCE (%)	3.50%
BOND PREMIUM	0.00%	BOND PREMIUM	0.00%	BOND PREMIUM	0.00%
RESERVE FUND	6.51%	RESERVE FUND	6.51%	RESERVE FUND	6.51%
BOND AMOUNT	\$43,550,000	BOND AMOUNT	\$15,640,000	BOND AMOUNT	\$29,090,000
Uniform Series Factor	0.065051	Uniform Series Factor	0.065051	Uniform Series Factor	0.065051
ANNUAL PAYMENT	\$ 2,832,990	ANNUAL PAYMENT	\$ 1,017,404	ANNUAL PAYMENT	\$ 1,892,346
BOND PROCEEDS	\$ 39,192,760	BOND PROCEEDS	\$ 14,075,196	BOND PROCEEDS	\$ 26,179,504
ISSUANCE IN STUDY YEAR	2	ISSUANCE IN STUDY YEAR	5	ISSUANCE IN STUDY YEAR	8

Assumptions:
O&M Inflation Factor = 7.5%
Annual Rate Escalation = 2%
Annual EDU Growth Rate = 1%
Minimum Debt Service Ratio = 1.25%
Rate Stabilization Fund not required

Criteria:
1. Minimal year end balance at 10th year
2. CIP funded through 31% rates and 69% bonds
3. Bonds Issued in Years 2,5 and 8
4. CIP based on costs and timeline provided by Wallace and adjusted by City
5. Transfer of \$2,000,000 to O&M reserve fund

CIP Allocation		
Total CIP	Bond Proceeds	PayGo
\$ 114,822,258	\$ 79,447,459	\$ 35,374,799
100.00%	69.19%	30.81%

City of Salinas - Sewer Rates/Max Bonding Capacity with minimum 125% coverage (30% PayGo with 70% Bonds)
Fiscal Years 2025-2026 through 2034-2035

Study Year Number	Current Budget ¹	1	2	3	4	5	6	7	8	9	10	Totals Years 1-10
Fiscal Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	
Rate (\$ per EDU -Monthly)	\$ 5.45	\$ 15.00	\$ 15.60	\$ 16.22	\$ 16.87	\$ 17.55	\$ 18.25	\$ 18.98	\$ 19.74	\$ 20.53	\$ 21.35	
Annual Rate Escalation		175.23%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
EDUs	60,558	60,558	61,164	61,776	62,393	63,017	63,647	64,284	64,927	65,576	66,232	
Operations												
Operating Revenue												
City of Salinas Rate Revenue	\$ 3,960,518	\$ 10,900,509	\$ 11,449,894	\$ 12,026,969	\$ 12,633,128	\$ 13,269,838	\$ 13,938,638	\$ 14,641,145	\$ 15,379,059	\$ 16,154,163	\$ 16,968,333	
Investment Interest												
Net Income Carry Forward from Prior Year	0	0	0	0	0	0	0	0	0	0	0	
Inspection Fees												
Total Operating Revenue	\$ 3,960,518	\$ 10,900,509	\$ 11,449,894	\$ 12,026,969	\$ 12,633,128	\$ 13,269,838	\$ 13,938,638	\$ 14,641,145	\$ 15,379,059	\$ 16,154,163	\$ 16,968,333	\$ 137,361,675
Operational Expenses												
Salaries and Benefits	\$ 1,954,090	\$ 2,100,647	\$ 2,258,195	\$ 2,427,560	\$ 2,609,627	\$ 2,805,349	\$ 3,015,750	\$ 3,241,931	\$ 3,485,076	\$ 3,746,457	\$ 4,027,441	
Supplies and Materials	\$ 241,000	\$ 259,075	\$ 278,506	\$ 299,394	\$ 321,848	\$ 345,987	\$ 371,936	\$ 399,831	\$ 429,818	\$ 462,055	\$ 496,709	
Outside Services	\$ 388,000	\$ 417,100	\$ 448,383	\$ 482,011	\$ 518,162	\$ 557,024	\$ 598,801	\$ 643,711	\$ 691,989	\$ 743,889	\$ 799,680	
Other Charges	\$ 397,500	\$ 427,313	\$ 459,361	\$ 493,813	\$ 530,849	\$ 570,663	\$ 613,462	\$ 659,472	\$ 708,932	\$ 762,102	\$ 819,260	
NPDES Allocation	\$ 536,920	\$ 577,189	\$ 620,478	\$ 667,014	\$ 717,040	\$ 770,818	\$ 828,629	\$ 890,777	\$ 957,585	\$ 1,029,404	\$ 1,106,609	
Total Operational Expenses	\$ 3,517,510	\$ 3,781,323	\$ 4,064,922	\$ 4,369,792	\$ 4,697,526	\$ 5,049,841	\$ 5,428,579	\$ 5,835,722	\$ 6,273,401	\$ 6,743,906	\$ 7,249,699	\$ 53,494,711
Net Operating Income before Debt Service	\$ 443,008	\$ 7,119,185	\$ 7,384,972	\$ 7,657,177	\$ 7,935,602	\$ 8,219,997	\$ 8,510,059	\$ 8,805,423	\$ 9,105,658	\$ 9,410,257	\$ 9,718,634	\$ 83,866,964
Debt Service												
Current Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 859,384	\$ 863,658	\$ 862,054	\$ 864,951	\$ 861,608	\$ 862,093	\$ 856,582	\$ 860,170	\$ 8,618,887
First Issuance	\$ -	\$ -	\$ -	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 3,060,670	\$ 30,606,700
Second Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034,968	\$ 1,034,968	\$ 1,034,968	\$ 1,034,968	\$ 1,034,968	\$ 10,349,680
Third Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,685,483	\$ 1,685,483	\$ 16,854,830
Total Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 3,920,054	\$ 3,924,328	\$ 3,922,724	\$ 4,960,590	\$ 4,957,246	\$ 4,957,731	\$ 6,637,703	\$ 6,641,291	\$ 66,419,927
Debt Service Ratio (1.25 Minimum)	0.52	8.23	8.56	1.95	2.02	2.10	1.72	1.78	1.84	1.42	1.46	
Net Operating Income After Debt Service	\$ (413,072)	\$ 6,253,800	\$ 6,521,970	\$ 3,737,123	\$ 4,011,274	\$ 4,297,273	\$ 3,549,470	\$ 3,848,177	\$ 4,147,927	\$ 2,772,554	\$ 3,077,343	\$ 42,216,910
Transfer to Operating Reserve			\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Replacement Program		\$ (6,253,800)	\$ (4,521,970)	\$ (3,737,123)	\$ (4,011,274)	\$ (4,297,273)	\$ (3,549,470)	\$ (3,848,177)	\$ (4,147,927)	\$ (2,772,554)	\$ (3,077,343)	\$ (40,216,910)
Net Year End Balance in Operating Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fiscal Year	1	2	3	4	5	6	7	8	9	10
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035
Carry Forward from Prior Year	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Interest Earnings on Fund Balance	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Less: Transfer Interest Earnings to Capital Fund	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Less: Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year End Balance	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

Fiscal Year	1	2	3	4	5	6	7	8	9	10	Totals	
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035		
Carry Forward from Prior Year	0	\$ -	\$ 90,678	\$ 33,567,220	\$ 17,153,151	\$ 53,199	\$ 8,809,704	\$ 3,320,828	\$ 48,078	\$ 17,258,686	\$ 10,219,651	
Transfer In from Operating Account	0	\$ 6,253,800	\$ 4,521,970	\$ 3,737,123	\$ 4,011,274	\$ 4,297,273	\$ 3,549,470	\$ 3,848,177	\$ 4,147,927	\$ 2,772,554	\$ 3,077,343	\$ 40,216,910
Interest Earnings on Fund Balance	0		\$ 1,814	\$ 671,344	\$ 343,063	\$ 1,064	\$ 176,194	\$ 66,417	\$ 962	\$ 345,174	\$ 204,393	\$ 1,810,424
Interest Earnings from Operating Reserve			\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 320,000
Bond Issuance		\$ -	\$ 42,342,580	\$ -	\$ -	\$ 14,318,182	\$ -	\$ -	\$ 23,317,667	\$ -	\$ -	\$ -
Less: Capital Outlay for Projects	\$ -	\$ 6,163,122	\$ 13,389,822	\$ 20,862,537	\$ 21,494,288	\$ 9,900,014	\$ 9,254,539	\$ 7,227,344	\$ 10,295,947	\$ 10,196,763	\$ 6,037,883	\$ 114,822,258
Year End Balance	\$ -	\$ 90,678	\$ 33,567,220	\$ 17,153,151	\$ 53,199	\$ 8,809,704	\$ 3,320,828	\$ 48,078	\$ 17,258,686	\$ 10,219,651	\$ 7,503,504	

Notes:

1. The current monthly rate per EDU of \$5.45 is insufficient to meet operating expenses and debt service requirements. A monthly rate of \$9.54 per EDU would be required to breakeven.

FIRST ISSUANCE			SECOND ISSUANCE			THIRD ISSUANCE		
AVERAGE COUPON	5.00%		AVERAGE COUPON	5.00%		AVERAGE COUPON	5.00%	
BOND TERM (YEARS)	30		BOND TERM (YEARS)	30		BOND TERM (YEARS)	30	
COST OF ISSUANCE (%)	3.50%		COST OF ISSUANCE (%)	3.50%		COST OF ISSUANCE (%)	3.50%	
BOND PREMIUM	0.00%		BOND PREMIUM	0.00%		BOND PREMIUM	0.00%	
RESERVE FUND	6.51%		RESERVE FUND	6.51%		RESERVE FUND	6.51%	
BOND AMOUNT	\$47,050,000		BOND AMOUNT	\$15,910,000		BOND AMOUNT	\$25,910,000	
Uniform Series Factor	0.065051		Uniform Series Factor	0.065051		Uniform Series Factor	0.065051	
ANNUAL PAYMENT	\$ 3,060,670		ANNUAL PAYMENT	\$ 1,034,968		ANNUAL PAYMENT	\$ 1,685,483	
BOND PROCEEDS	\$ 42,342,580		BOND PROCEEDS	\$ 14,318,182		BOND PROCEEDS	\$ 23,317,667	
ISSUANCE IN STUDY YEAR	2		ISSUANCE IN STUDY YEAR	5		ISSUANCE IN STUDY YEAR	8	

Assumptions:

- O&M Inflation Factor = 7.5%
- Annual Rate Escalation= 4%
- Annual EDU Growth Rate= 1%
- Minimum Debt Service Ratio= 1.25%
- Rate Stabilization Fund not required

Criteria:

- 1. Minimal year end balance at 10th year
- 2. CIP funded through 30% rates and 70% bonds
- 3. Bonds Issued in Years 2,5 and 8
- 4. CIP based on costs and timeline provided by Wallace and adjusted by City
- 5. Transfer of \$2,000,000 to O&M reserve fund

CIP Allocation

Total CIP	Bond Proceeds	PayGo
\$ 114,822,258	\$ 79,978,429	\$ 34,843,830
100.00%	69.65%	30.35%