

# PROVOST&PRITCHARD CONSULTING GROUP

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## MEMORANDUM

**To:** Malaga County Water District

**From:** Michael Taylor

**Subject:** MCWD Minimum Charge Estimates

**Date:** March 8, 2024

Attached is an updated determination of the potential minimum sewer charges for the following significant dischargers in the District.

Discharger	Previous Sewer Unit Allocation	Current Fixed Charge per month
██████████	1,415	\$11,660.43 (197 sewer units)
██████████	850	\$10,062.30 (170 sewer units)
██████	836	\$11,127.72 (188 sewer units)
██████████	743	\$ 7,457.94 (126 sewer units)

The four dischargers identified above had previously agreed to a minimum charge in the early 2000's as a way to reserve capacity at the wastewater treatment and disposal facilities for a sewer unit allocation that had been determined in the past. The sewer unit allocation that had been assigned to the dischargers in the past is also shown above. The previous agreement can be summarized as follows:

Each month, the actual discharge from the discharger was monitored and the actual equivalent sewer units (ESU) were determined in accordance with the MCWD Fee Schedule. The discharger was charged the greater of either the actual discharge or the minimum charge. The minimum charge was determined at the beginning of each calendar year. MCWD and each discharger agreed upon the new charge each year.

It is understood that at some point in the last 10 years the minimum charge determination was not continued. It is noted that each of the dischargers above is charged a fixed sewer charge each month that has no relationship to the actual discharge or an agreement between MCWD and the discharger. Previous correspondence has provided information on the actual sewer unit impact from each of the above dischargers.

Each of the dischargers identified above has been contacted and notified that the question of a minimum charge will be presented to them for consideration and to determine if a reservation of capacity is to be maintained for the discharger.

A summary of an analysis to determine a minimum charge is attached. The analysis is based on a format provided by the State Water Resources Control Board and has been updated with information provided in the recent budget review prepared for the District this past year. It is recommended that MCWD review the information and direct staff to route the information to the dischargers listed above with a request that a determination is made relative to whether a reservation of sewer unit allocation is to be established for any of the above dischargers. The decision regarding a minimum charge will have a bearing on the rate study presently being conducted.

The attached information has calculated a minimum charge associated with one half of the previously allocated sewer units. This minimum charge is also tied to the current sewer unit charge. It is therefore probable that the minimum charge calculation may be subject to change, depending on the final sewer unit charge established from the rate study. It is possible that the dischargers could determine to request the following:

- a. Re-establish an agreement for a reservation of capacity and an associated minimum charge for the capacities listed above
- b. Establish an agreement for a reservation of capacity and an associated minimum charge for a lesser capacity than listed above
- c. Eliminate any reservation of capacity
- d. Other

Operational Cost category (adapted from Annual Operating Expense)	Cost	% of Total Cost	% Fixed	Fixed Cost	Variable Cost
Salary, wage and benefit Outside service (Includes Engineering, contract, testing)	\$654,257.17	40.8%	75%	\$490,692.88	\$163,564.29
Utilities	\$148,107.92	9.2%	50%	\$74,053.96	\$74,053.96
Repair, Maintenance and Materials (Inclds fuel and oil)	\$167,834.24	10.5%	90%	\$151,050.82	\$16,783.42
Refuse collection and disposal	\$166,896.02	10.4%	75%	\$125,172.02	\$41,724.01
Insurance	\$13,760.68	0.9%	90%	\$12,384.61	\$1,376.07
Training	\$29,169.63	1.8%	100%	\$29,169.63	\$0.00
Administration	\$3,825.28	0.2%	50%	\$1,912.64	\$1,912.64
Office	\$82,742.09	5.2%	75%	\$62,056.57	\$20,685.52
Other	\$16,401.20	1.0%	75%	\$12,300.90	\$4,100.30
Debt Service	\$76,629.36	4.8%	75%	\$57,472.02	\$19,157.34
Depreciation	\$48,501.80	3.0%	100%	\$48,501.80	\$0.00
	\$194,029.00	12.1%	100%	\$194,029.00	\$0.00

<b>Total Operation Cost</b>	<b>\$1,602,154.39</b>	<b>100.0%</b>	<b>#####</b>	<b>\$343,357.55</b>
			78.57%	
Total Flow Treated	198.796 MG		752,522 m3	
Unit Cost	\$8,059.29 \$/MG		\$2.13 \$/m3	

**Operating Expense from 2023**

Salary and wages	\$548,198.16	from budget spreadsheet
Depreciation	\$194,029.00	from budget spreadsheet
Utilities	\$167,834.24	from budget spreadsheet
Employee Benefit	\$106,059.01	from budget spreadsheet
Contract services	\$34,320.56	from budget spreadsheet
Professional services	\$93,361.36	from budget spreadsheet
Board of directors	\$82,742.09	from budget spreadsheet
Materials	\$68,555.93	from budget spreadsheet
Repair and Maintenance	\$87,091.83	from budget spreadsheet
Testing	\$20,426.00	from budget spreadsheet
Refuse collection and disposal	\$13,760.68	from budget spreadsheet
Other	\$61,170.78	from budget spreadsheet
Insurance	\$29,169.63	from budget spreadsheet
Dues and Membership	\$3,093.02	from budget spreadsheet
Rents and leases	\$15,458.58	from budget spreadsheet
Fuel and oil	\$11,248.26	from budget spreadsheet
Travel and meeting	\$732.26	from budget spreadsheet
Telephone	\$14,146.42	from budget spreadsheet
Office Supplies and postage	\$2,254.78	from budget spreadsheet
Bad Debts	\$0.00	
	<u>\$1,553,652.59</u>	
<b>Debt Service</b>		
Principal paid on debt	\$16,615.20	20% of \$1.5M loan for water and wastewater
	\$24,961.00	\$0.5025M loan for wastewater
Interest paid on financing	\$6,925.60	20% of interest on \$1.5M loan for water and wastewater
	\$11,939.00	\$0.5025M loan for wastewater
	<u>\$48,501.80</u>	

MALAGA COUNTY WATER DISTRICT  
2024  
SIGNIFICANT DISCHARGERS

3/8/2024

FORM 2

COST CATEGORY ESTIMATED COST  
CURRENT YEAR

1. TREATMENT FACILITIES

FIXED COSTS	\$629,398.42
REPLACEMENT COSTS	\$0.00
TOTAL FIXED COSTS	\$629,398.42
VARIABLE COSTS	\$171,678.78
SUBTOTAL TREATMENT	\$801,077.20

2. COLLECTION SYSTEM

FIXED COSTS	\$629,398.42
REPLACEMENT COSTS	\$0.00
TOTAL FIXED COSTS	\$629,398.42
VARIABLE COSTS	\$171,678.78
SUBTOTAL COLLECTION	\$801,077.20

3. MISCELLANEOUS

OVERHEAD OPERATING RESERVE OTHER	\$18,883.50
SUBTOTAL MISC.	\$18,883.50

4. TOTAL - FIXED COSTS \$1,258,796.84

5. TOTAL - VARIABLE COSTS \$343,357.56

6. TOTAL O&M COSTS \$1,621,037.90

7. DEBT SERVICE:

PRINCIPLE AND INTEREST	\$48,501.80
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data entry required

MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 4 XXXXXXXXXX

COST CATEGORY	PARAMETER ALLOCATION PERCENTAGES	ANNUAL COST ALLOCATED TO EACH PARAMETER	TOTAL QUANTITIES		UNIT COST FOR EACH PARAMETER	
			DESIGN	ACTUAL	per day	per year
1. CAPITAL OUTLAY						
FLOW						
BOD						
SS						
I/I						
2. DEBT SERVICE						
FLOW	90	\$43,651.62	0.85 MGD		51354.84706 \$/MGD	
BOD	5	\$2,425.09	6509 #/D		0.372574896 \$/#/D	
SS	5	\$2,425.09	6509 #/D		0.372574896 \$/#/D	
I/I						
TOTAL		\$48,501.80				
3. VARIABLE O&M						
FLOW	90	\$326,016.95	0.85 MGD	198.788	\$383,549.36	\$1,640.02
BOD	5	\$18,112.05	6509 #/D	119,602	\$2.78	\$0.15
SS	5	\$18,112.05	6509 #/D	197,909	\$2.78	\$0.09
I/I						
TOTAL		\$362,241.06				
4. FIXED O&M						
FLOW	90	\$1,132,917.16	0.85 MGD	198.788	\$1,332,843.71	\$5,699.12
BOD	5	\$62,939.84	6509 #/D	119,602	\$9.67	\$0.53
SS	5	\$62,939.84	6509 #/D	197,909	\$9.67	\$0.32
I/I						
TOTAL		\$1,258,796.84				

MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 4 XXXXXXXXXX

COST CATEGORY	PARAMETER ALLOCATION PERCENTAGES	ANNUAL COST ALLOCATED TO EACH PARAMETER	TOTAL QUANTITIES		UNIT COST FOR EACH PARAMETER	
			DESIGN	ACTUAL	per day	per year
1. CAPITAL OUTLAY						
FLOW						
BOD						
SS						
I/I						
2. DEBT SERVICE						
FLOW	25	\$12,125.45	0.85 MGD		14265.23529 \$/MGD	
BOD	45	\$21,825.81	6509 #/D		3.353174067 \$/#/D	
SS	30	\$14,550.54	6509 #/D		2.235449378 \$/#/D	
I/I						
TOTAL		\$48,501.80				
3. VARIABLE O&M						
FLOW	25	\$90,560.27	0.85 MGD	198.788	\$106,541.49	\$455.56
BOD	45	\$163,008.48	6509 #/D	119,602	\$25.04	\$1.36
SS	30	\$108,672.32	6509 #/D	197,909	\$16.70	\$0.55
I/I						
TOTAL		\$362,241.06				
4. FIXED O&M						
FLOW	25	\$314,699.21	0.85 MGD	198.788	\$370,234.36	\$1,583.09
BOD	45	\$566,458.58	6509 #/D	119,602	\$87.03	\$4.74
SS	30	\$377,639.05	6509 #/D	197,909	\$58.02	\$1.91
I/I						
TOTAL		\$1,258,796.84				

MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 4 ██████

COST CATEGORY	PARAMETER ALLOCATION PERCENTAGES	ANNUAL COST ALLOCATED TO EACH PARAMETER	TOTAL QUANTITIES		UNIT COST FOR EACH PARAMETER	
			DESIGN	ACTUAL	per day	per year
1. CAPITAL OUTLAY						
FLOW						
BOD						
SS						
I/I						
2. DEBT SERVICE						
FLOW	70	\$33,951.26	0.85 MGD		39942.65882 \$/MGD	
BOD	15	\$7,275.27	6509 #/D		1.117724689 \$/#/D	
SS	15	\$7,275.27	6509 #/D		1.117724689 \$/#/D	
I/I						
TOTAL		\$48,501.80				
3. VARIABLE O&M						
FLOW	70	\$253,568.74	0.85 MGD	198.788	\$298,316.17	\$1,275.57
BOD	15	\$54,336.16	6509 #/D	119,602	\$8.35	\$0.45
SS	15	\$54,336.16	6509 #/D	197,909	\$8.35	\$0.27
I/I						
TOTAL		\$362,241.06				
4. FIXED O&M						
FLOW	70	\$881,157.79	0.85 MGD	198.788	\$1,036,656.22	\$4,432.65
BOD	15	\$188,819.53	6509 #/D	119,602	\$29.01	\$1.58
SS	15	\$188,819.53	6509 #/D	197,909	\$29.01	\$0.95
I/I						
TOTAL		\$1,258,796.84				

MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 4 XXXXXXXXXX

COST CATEGORY	PARAMETER ALLOCATION PERCENTAGES	ANNUAL COST ALLOCATED TO EACH PARAMETER	TOTAL QUANTITIES		UNIT COST FOR EACH PARAMETER	
			DESIGN	ACTUAL	per day	per year
1. CAPITAL OUTLAY						
FLOW						
BOD						
SS						
I/I						
2. DEBT SERVICE						
FLOW	60	\$29,101.08	0.85 MGD		34236.56471 \$/MGD	
BOD	20	\$9,700.36	6509 #/D		1.490299585 \$/#/D	
SS	20	\$9,700.36	6509 #/D		1.490299585 \$/#/D	
I/I						
TOTAL		\$48,501.80				
3. VARIABLE O&M						
FLOW	60	\$217,344.64	0.85 MGD	198.788	\$255,699.57	\$1,093.35
BOD	20	\$72,448.21	6509 #/D	119,602	\$11.13	\$0.61
SS	20	\$72,448.21	6509 #/D	197,909	\$11.13	\$0.37
I/I						
TOTAL		\$362,241.06				
4. FIXED O&M						
FLOW	60	\$755,278.10	0.85 MGD	198.788	\$888,562.48	\$3,799.41
BOD	20	\$251,759.37	6509 #/D	119,602	\$38.68	\$2.10
SS	20	\$251,759.37	6509 #/D	197,909	\$38.68	\$1.27
I/I						
TOTAL		\$1,258,796.84				



MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 5

NUMBER OF USERS	USERS	FLOW DEBT VAR. FIXED	UNIT COST 39942.659 1275.5737 4432.6508	BOD	UNIT COST 1.11772469 0.45430979 1.578738	SS	UNIT COST 1.1177247 0.2745515 0.9540733	TOTAL
		C FLOW	D \$	E BOD	F \$	G SS	H \$	I \$
	██████ - DEBT SERVICE	0.011	\$439.37	0.651354	\$0.73	5.13744	\$5.74	\$445.84
	██████ - VARIABLE	0.011	\$14.03	237.74421	\$108.01	1875.1656	\$514.83	\$636.87
	██████ - FIXED	0.011	\$48.76	237.74421	\$375.34	1875.1656	\$1,789.05	\$2,213.14
	AIR PROD. - DEBT SERVICE	0	\$0.00	0	\$0.00	0	\$0.00	\$0.00
	AIR PROD. - VARIABLE	0	\$0.00	0	\$0.00	0	\$0.00	\$0.00
	AIR PROD. - FIXED	0	\$0.00	0	\$0.00	0	\$0.00	\$0.00
	SUM - DEBT SERVICE	0.011	\$439.37		\$0.73		\$5.74	\$445.84
	SUM - VARIABLE	0.011	\$14.03		\$108.01		\$514.83	\$636.87
	SUM - FIXED	0.011	\$48.76		\$375.34		\$1,789.05	\$2,213.14
								\$3,295.85

0.011 mgd  
7.1 mg/l BOD  
56 mg/l TSS

0 mgd  
0 mg/l BOD  
0 mg/l TSS

NUMBER OF USERS	USERS	FLOW DEBT VAR. FIXED	UNIT COST 14265.235 455.56203 1583.0896	BOD	UNIT COST 3.35317407 1.36292936 4.73621399	SS	UNIT COST 2.2354494 0.549103 1.9081467	TOTAL
		C FLOW	D \$	E BOD	F \$	G SS	H \$	I \$
	██████ - DEBT SERVICE	0.0105	\$149.78	32.57604	\$109.23	9.98298	\$22.32	\$281.33
	██████ - VARIABLE	0.0105	\$4.78	11890.255	\$16,205.58	3643.7877	\$2,000.81	\$18,211.18
	██████ - FIXED	0.0105	\$16.62	11890.255	\$56,314.79	3643.7877	\$6,952.88	\$63,284.29
								\$81,776.80

0.0105 mgd  
372 mg/l BOD  
114 mg/l TSS

NUMBER OF USERS	USERS	FLOW DEBT VAR. FIXED	UNIT COST 51354.847 1640.0233 5699.1225	BOD	UNIT COST 0.3725749 0.1514366 0.526246	SS	UNIT COST 0.3725749 0.0915172 0.3180244	TOTAL
		C FLOW	D \$	E BOD	F \$	G SS	H \$	I \$
	██████ - DEBT SERVICE	0.1987	\$10,204.21	1.1600106	\$0.43	56.343372	\$20.99	\$10,225.63
	██████ - VARIABLE	0.1987	\$325.87	423.40387	\$64.12	20565.331	\$1,882.08	\$2,272.07
	██████ - FIXED	0.1987	\$1,132.42	423.40387	\$222.81	20565.331	\$6,540.28	\$7,895.51
								\$20,393.21

0.1987 mgd  
0.7 mg/l BOD  
34 mg/l TSS

NUMBER OF USERS	USERS	FLOW DEBT VAR. FIXED	UNIT COST 34236.565 1093.3489 3799.415	BOD	UNIT COST 1.49029959 0.60574638 2.104984	SS	UNIT COST 1.4902996 0.3660686 1.2720978	TOTAL
		C FLOW	D \$	E BOD	F \$	G SS	H \$	I \$
	██████████ - DEBT SERVICE	0.0061	\$208.84	2.441952	\$3.64	2.594574	\$3.87	\$216.35
	██████████ - VARIABLE	0.0061	\$6.67	891.31248	\$539.91	947.01951	\$346.67	\$893.25
	██████████ - FIXED	0.0061	\$23.18	891.31248	\$1,876.20	947.01951	\$1,204.70	\$3,104.08
								\$4,213.68

0.0061 mgd  
48 mg/l BOD  
51 mg/l TSS

MALAGA COUNTY WATER DISTRICT

SIGNIFICANT DISCHARGERS

FORM 6

NUMBER OF USERS	USERS	FIXED O&M COSTS	VARIABLE O&M COSTS	DEBT SERVICE COSTS	CAPITAL OUTLAY COSTS	I/I COSTS	TOTAL ANNUAL REVENUE REQUIRED	AVERAGE ANNUAL REVENUE REQUIRED	AVERAGE MONTHLY REVENUE REQUIRED
1	██████	\$2,213.14	\$636.87	\$445.84			\$3,295.85		\$274.65
1	██████	\$63,284.29	\$18,211.18	\$281.33			\$81,776.80		\$6,814.73
1	██████	\$7,895.51	\$2,272.07	\$10,225.63			\$20,393.21		\$1,699.43
1	██████	\$3,104.08	\$893.25	\$216.35			\$4,213.68		\$351.14

NOTE: NOTE: IT IS RECOMMENDED THAT THE MINIMUM CHARGE FOR EACH USER IS NOT LESS THAN 50.00% PERCENT OF THE SEWER UNIT ASSIGNMENT FOR THE USER. THIS WOULD CORRESPOND TO A MINIMUM OF THE FOLLOWING:

**\$59.19** Sewer Charge per unit (1/1/24)

	SEWER UNITS	MINIMUM SEWER UNITS	CHARGE PER SEWER UNIT	MINIMUM SEWER CHARGE	ACTUAL MONTHLY SU CHARGED	ACTUAL MONTHLY CHARGE 2024	AVERAGE ACTUAL SU DISCHARGE
██████	1415	707.5	\$59.19	\$41,876.93	197	\$11,660.43	91
██████	836	418	\$59.19	\$24,741.42	188	\$11,127.72	37
██████	850	425	\$59.19	\$25,155.75	170	\$10,062.30	605
██████	743	371.5	\$59.19	\$21,989.09	126	\$7,457.94	23