

# MONTEREY COUNTY DEPARTMENT OF HEALTH ENVIRONMENTAL HEALTH BUREAU

## FINANCIAL CAPACITY INFORMATION TO BE SUBMITTED AS PART OF THE PERMIT APPLICATION

In order to comply with Chapter 15.04.050(a)(2) of the Monterey County Code, any new small water system must submit a financial plan as part of the domestic water supply permit application. This information is also required as part of an application for a change of ownership of an existing water system where the County has reason to believe that the viability of the system is in question.

The financial plan should cover and include the following:

### OPERATING COST

The plan should include a detailed breakdown of anticipated annual operating costs projected over the next 5 years. The breakdown should include applicable costs such as raw water purchase, treatment costs, personnel, insurance, debt financing, state fees, monitoring and laboratory costs, electricity and power, sinking funds, repair and maintenance of system, consulting fees, administrative costs, and overhead.

### REVENUE

The plan should present a breakdown of anticipated annual revenue for the water system projected over the next 5 years. All sources of revenue to be used by the system to meet annual costs should be shown including the unit costs (connection fees, monthly charges, etc.) as well as the basis for other revenue calculations. The total amount of the revenue should equal or exceed the total operating cost of the system for each year.

### GROWTH

The plan should describe the anticipated growth of the system (in terms of the number of persons or service connections to be added annually) projected for the next 10 years, and how this growth relates to projected costs and revenue.

## FUTURE CAPITAL EXPENDITURES

The plan should describe any anticipated capital expenditures (including any start up costs for a new system) such as addition of treatment or new sources of supply, treatment plant expansions or modifications, major construction or significant distribution system changes, major equipment replacement (projected for the next 15 years), and the anticipated cost and timing of such projects. Changes to the system that may be necessary to comply with anticipated changes in state or federal regulations, to the extent they have been proposed, should also be included.

## FUNDING FOR CAPITAL EXPENDITURES

The plan should describe how these projected capital expenditures (including new system start up costs) will be funded or financed and the source of the funds. A description of how this funding availability will be assured (surety bond, letter of credit, insurance, taxing authority, or other means) should be included.