

# **SAN BERNARDINO COUNTY**

---

*County Service Area 64 (Spring Valley Lake)  
Water and Sewer Rate Study Report*

*Final Report*

**March 2026**



[nbsgov.com](http://nbsgov.com)

# TABLE OF CONTENTS

---

<b>1. Introduction .....</b>	<b>1</b>
1.1 Purpose.....	1
1.2 Overview of the Study.....	1
<b>2. Water Rate Study .....</b>	<b>5</b>
2.1 Key Water Rate Study Issues.....	5
2.2 Financial Plan.....	5
2.3 Cost-of-Service Analysis .....	8
2.4 Characteristics of Water Customers by Customer Class.....	9
2.5 Rate Design Analysis.....	10
2.6 Proposed Water Rates .....	12
2.7 Comparison of Current and Proposed Water Bills.....	13
<b>3. Sewer Rate Study .....</b>	<b>14</b>
3.1 Key Sewer Rate Study Issues .....	14
3.2 Financial Plan.....	14
3.3 Cost-of-Service Analysis .....	15
3.4 Rate Design Analysis.....	16
3.5 Proposed Sewer Rates.....	16
3.6 Comparison of Current and Proposed Sewer Bills .....	16
<b>4. Recommendations and Next Steps.....</b>	<b>18</b>
4.1 Consultant Recommendations.....	18
4.2 Next steps.....	18
4.3 NBS' Principal Assumptions and Considerations .....	18
<b>Technical Appendices .....</b>	<b>19</b>
<b>Appendix A. Water Rate Study Tables and Figures.....</b>	<b>20</b>
<b>Appendix B. Sewer Rate Study Tables and Figures.....</b>	<b>21</b>

# TABLE OF FIGURES

---

Figure 1. Primary Components of a Rate Study .....	2
Figure 2. Summary of Water Revenue Requirements.....	7
Figure 3. Summary of Primary Water Reserve Funds.....	8
Figure 4. Allocation Percentages of Revenue Requirements .....	9
Figure 5. Allocated Net Revenue Requirements .....	9
Figure 6. Water Consumption by Customer Class.....	10
Figure 7. Number of Meters by Customer Class.....	10
Figure 8. Hydraulic Capacity Factors .....	11
Figure 9. Equivalent Meters .....	11
Figure 10. Calculation of Fixed Service Charges .....	12
Figure 11. Uniform Tier Rates for FY 2026/27.....	12
Figure 12. Current and Proposed Water Rates.....	13
Figure 14. Monthly Water Bill Comparison for Residential Customers.....	13
Figure 14. Summary of Sewer Revenue Requirements.....	15
Figure 15. Summary of Sewer Reserve Funds .....	15
Figure 16. Calculation of Fixed Charges.....	16
Figure 17. Current vs. Proposed Sewer Rates .....	16
Figure 18. Sewer Bill Comparison .....	17

# 1. Introduction

---

## 1.1 Purpose

San Bernardino County (County) retained NBS to conduct a comprehensive utility rate study for its water and sewer enterprise funds for County Service Area 64 Spring Valley Lake (CSA 64). The County had several objectives and goals in mind for this study including meeting revenue requirements, reviewing the rising costs of providing services, funding capital improvements and changes in costs, and complying with certain legal requirements (e.g., California Constitution Article XIII D, Section 6, which is commonly referred to as Proposition 218 [Prop 218]). The County's broader objectives in this study include ensuring adequate funding for operating and capital costs, maintaining reasonable reserves, ensuring revenue stability in utility rates. The rates resulting from this study were developed in a manner that is consistent with industry standard cost-of-service principles. In addition to documenting the rate study methodology, this report is provided with the intent to assist the County in its continuing effort to maintain transparent communications with the residents and community it serves.

In developing new rates for CSA 64's enterprise funds, NBS worked cooperatively with County staff and the Board of Supervisors (Board) in selecting the appropriate rate alternatives that address the County's goals and objectives. Based on input provided by CSA 64 staff, NBS proposes the rates summarized in this report. The Board has the final decision regarding the adoption of the proposed rates and whether to proceed with the Prop 218 approval process.

## 1.2 Overview of the Study

Comprehensive rate studies, such as this one, typically include three components: (1) preparation of a financial plan that identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges*,<sup>1</sup> also referred to as Manual M1, and the Water Environment Federation's *Financing and Charges for Wastewater Systems* (Manual of Practice No. 27).<sup>2</sup>

Rate studies also address requirements under Prop 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, the three steps shown in Figure 1 represent the order in which they were performed in this study.

---

<sup>1</sup> *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, American Water Works Association (AWWA), 7<sup>th</sup> Edition, 2017.

<sup>2</sup> *Financing and Charges for Wastewater Systems*, Manual of Practice No. 27, Water Environment Federation, Fourth Edition, 2018.

**Figure 1. Primary Components of a Rate Study**



NBS projected revenues and expenditures, developed net revenue requirements, performed cost-of-service rate analyses, and developed new water and sewer rates for the County using this approach. The following sections in this report present an overview of the methodologies, assumptions, and data used along with the financial plans and rates developed. Detailed tables and figures documenting the development of the proposed rates are provided in the Appendices.

The County provided NBS with the data necessary to conduct the study, including historical, current, and projected revenues and expenditures, number of customer accounts, and water consumption data along with other operational and capital cost information.

### **FINANCIAL PLAN**

As a part of the rate study, NBS projected revenues and expenditures on a cash-flow basis for the next five (5) years. The amount of rate revenue required, that will allow reserves to be maintained at the recommended levels, is known as the net revenue requirement. As current rate revenue falls short of the net revenue requirement, rate adjustments – or more accurately, adjustments in the total revenue collected from rates – are recommended. This report presents an overview of the methodologies, assumptions, and data used along with the financial plan and proposed rates developed in this study.<sup>3</sup>

### **COST-OF-SERVICE ANALYSIS**

The basic purpose of the cost-of-service analysis (COSA) is to fairly and equitably allocate costs to customer classes. The cost-of-service analysis consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to customer classes. For example, a key task is the “classification” of the water revenue requirements into the following categories:

- Commodity related costs
- Capacity related costs
- Customer service related costs

For the sewer utility, the cost-of-service analysis consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to customer classes. In the case of CSA 70 BL, volume data is not

<sup>3</sup> The complete financial plans are available in the *Appendices*.

available by customer and there is a single customer class. Due to the County's desire to maintain consistency, NBS has developed a fixed rate structure. Further details are discussed below and documented in the Appendix.

## RATE DESIGN ANALYSIS

During the rate design phase of the study, NBS and County staff worked together to develop rate alternatives that will meet the County's objectives. It is important for the County to send proper price signals to its customers about the actual cost of providing service. This objective is typically addressed through both the magnitude of the rate adjustments and the rate structure design. In other words, both the amount of revenue collected and the way in which the revenue is collected from customers are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been well documented in several rate-setting manuals, such as AWWA's Manual M1. The foundation for evaluating rate structures is generally credited to James C. Bonbright in *Principles of Public Utility Rates*,<sup>4</sup> which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound rate structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should be equitable and non-discriminating (i.e., cost-based).
- Rates should promote the efficient allocation of the resource.
- There should be continuity in the rate making philosophy over time.
- Rates should provide month-to-month and year-to-year revenue stability.

## RATE STRUCTURE TERMINOLOGY

This section covers basic rate design criteria that NBS and County staff considered as a part of their review of the rate structure alternatives. One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. Fixed costs, such as debt service and personnel costs, typically do not vary with the amount of water consumed. In contrast, variable costs, such as the cost of purchased water, chemicals, and electricity, tend to change with the quantity of water sold. Most rate structures contain a fixed, or minimum, charge in combination with a volumetric charge.

**Fixed Charges** – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size. For example, a customer with a 2-inch meter has a fixed meter charge that is more than five times greater than the typical residential customer based on the safe operating capacity of the meter.<sup>5</sup> Since a large portion of utility costs are typically related to meeting capacity requirements, individual capacity demands are important in establishing equitable rates for customers.

---

<sup>4</sup> James C. Bonbright, Albert L. Danielsen, and David R. Kamerschen, *Principles of Public Utility Rates*, Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988, pp. 383-384.

<sup>5</sup> *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, AWWA, 7<sup>th</sup> Edition, 2017, pp. 151-152.

**Variable (Consumption-Based) Charges** – In contrast to fixed charges, variable costs, such as purchased water, groundwater replenishment costs, and the cost of electricity used in pumping water and chemicals for treatment, tend to change with the quantity of water produced. For a water utility, variable charges are calculated based on a metered consumption per unit price (e.g., per 100 cubic feet, or HCF).

**Uniform (Single-Tier) Water Rates** – There are significant variations in the basic philosophy of variable charge rate structure alternatives. Under a uniform (single tier) rate structure, the cost per unit does not change with consumption and, therefore, provides a simple and straightforward approach from the customer’s perspective and in terms of the County’s rate administration.

## KEY FINANCIAL ASSUMPTIONS

The following is a summary of the key financial assumptions used in the analyses. The following capital and operational fund targets reflect input from County staff to meet specific utility objectives.

**Funding of Capital Projects** – For each utility, the County determined the most appropriate funding source for capital projects based on analysis of the capital reserves, rate revenue and capital needs. The details of the funding source for capital projects for each utility is detailed in that respective section of this report.

**Reserve Targets** – For each utility, the County maintains reserves for operations, capital, and other specific needs. The details of each utility’s reserve targets are covered in their respective sections of this report.

**Inflation and Growth Projections** – Assumptions were made in the analysis regarding cost inflation to project future revenues and expenses for the study period. The following inflation factors were used in the analysis:

- Customer growth is estimated at 0.49% per year.
- General cost inflation is set at 3.20% annually.
- Labor cost inflation is set at 0.00% annually.
- Electricity cost inflation is set at 8.35% annually.

These inflation factors are based on long-term trends; therefore, the County should re-examine these factors in another year to assess the impacts on utility costs and whether projected rate increases will be sufficient for the remainder of the rate adoption period.

## 2. Water Rate Study

---

### 2.1 Key Water Rate Study Issues

The County's water rate analysis was undertaken with a few specific objectives, including:

- Generating sufficient revenue to meet anticipated operating and maintenance costs and fund necessary capital improvement projects for the next five years.
- Continuing with a rate design that promotes revenue stability.
- Verifying the cost-of-service linkage between the current rate structure and the proposed water rates, including the zonal water rates.
- Maintaining adequate reserve levels to ensure continuity in operations.
- Complying with the legal requirements of Prop 218 to ensure the cost of providing service is properly allocated amongst user classifications. This was the basis for eliminating tiered water rates.

NBS developed various water rate alternatives as requested by County staff over the course of this study. All rate structure alternatives relied on industry standards and cost-of-service principles. The rate alternative that will ultimately be implemented is the decision of the Board. The fixed and volume-based charges were calculated based on the net revenue requirements, number of customer accounts, water consumption and estimated water discharge, and other relevant data provided by the County.

The following are the basic components included in this analysis:

**Developing Cost Allocations** – The water revenue requirements were “functionalized” into three categories: (1) commodity (or volume-based) costs; (2) fixed capacity costs; and (3) customer service costs. These functionalized costs were then used to develop unit costs based on various factors, such as water consumption, peaking factors, and number of accounts by meter size.

**Determining Revenue Requirements by Customer Class** – The total revenue that needs to be collected from each customer class was determined using the functional costs and allocation factors. For example, customer costs are allocated based on the number of meters, while volume-related costs are allocated based on the water consumption of each customer class. Once the costs are allocated and the net revenue requirement for each customer class is determined, collecting the revenue requirements from each customer class is addressed within the rate design.

**Evaluating Rate Design (Fixed vs. Variable Charges)** – The revenue requirements for each customer class are collected through a combination of fixed monthly service charges and volumetric rates. Based on direction from County staff, the rates proposed in this report will collect 55% of the rate revenue from the fixed charge and 45% from the variable charges.

### 2.2 Financial Plan

It is important for municipal utilities to not only collect sufficient revenues every year, but to also maintain reasonable reserves to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate adjustments are governed by the need to

meet operating and capital costs as well as maintain reasonable reserve levels. The current state of the County's water utility, regarding these objectives, is as follows:

**Meeting Net Revenue Requirements:** For FY 2026/27 through FY 2030/31, the projected net revenue requirement (that is, total annual expenses plus debt service and rate-funded capital costs, less non-rate revenues) for the water system averages \$2.7 - \$4.8 million annually. If no rate adjustments are implemented, the County is projected to run an annual deficit of approximately \$200 thousand in FY 2026/27, increasing to more than \$2.2 million by FY 2030/31, and will be unable to meet its debt service coverage requirements in FY 2029/30 and FY 2030/31 when new debt service payments begin.

**Maintaining Reserve Funds:** Reserve funds provide a basis for a utility to cope with fiscal emergencies, such as revenue shortfalls, asset failure, and natural disasters, among other events. Reserve policies provide guidelines for sound financial management, with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and unexpected emergencies.

- The County's existing reserves are healthy, and the challenge is to meet future revenue requirements and still maintain adequate reserves. NBS together with County staff have chosen to set the following reserve targets:
  - **Operating Reserve** equal to 90 days of operating and maintenance expenses, or approximately \$886 thousand in FY 2026/27. An operating reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (e.g., volumetric charges), and – particularly in periods of economic distress – changes or trends in the age of receivables. NBS considers a 90-day operating reserve to be a standard operating reserve fund target (i.e., most municipal water utilities use a 3-6 month target for the operating reserve).
  - **Capital Rehabilitation & Replacement Reserve** equal to 90 days of operating and maintenance expenses, or approximately \$859 thousand in FY 2026/27. This reserve is intended to be a cash resource set aside to address long-term capital system replacement and rehabilitation needs. NBS considers this capital reserve target to be at the lower end of what most utilities aim for. Many utilities aim for 3% to 6% of net assets.

**Funding Capital Improvement Projects:** The County must fund necessary capital improvements to maintain current service levels. County staff has identified roughly \$15.4 million in expected capital expenditures over the next five years (FY 2026/27 through FY 2030/31) which is an average of \$3 million in capital expenditures annually. This rate study assumes the County will be issuing \$11.34 million in revenue bonds in FY 2029/30. Proceeds from these revenue bonds along with the recommended rate increases, enable the County to fund these capital expenditures without exhausting the existing reserves, although reserves will decrease significantly over the next five years, they are projected to end at about the target reserve level. However, NBS notes that the planned rate revenue increases may not support the debt financing as modeled. Projects may need to be delayed or omitted if sufficient revenues are not available to pay debt service and provide for required bond coverage ratios, or the timing and amount of the debt may need to

be adjusted as the current model indicates that the revenue is not sufficient to support the debt as modeled.

**Inflation and Growth Projections:** Cost inflation and growth assumptions are necessary to project future revenues and expenses for the study period. Customer growth is expected to be 0.49% annually. This factor was used in the analysis for rate revenues while inflation factors, including the Consumer Price Index, were used in projecting expenses.

**Maintaining Adequate Bond Coverage:** Although the water utility currently has no outstanding debt, this analysis assumes that the County will be issuing \$11.34 million in new debt to fund capital projects. However, whether new debt will be needed will depend on the actual delivery of capital projects (i.e., the timing and costs). The rate covenants of the new revenue bonds include a minimum debt service coverage ratio of 1.25 which is not supported by the anticipated rate revenue as modeled. The benefit of maintaining a higher coverage ratio is that it strengthens the County’s credit rating which can help lower interest rates for debt-funded capital projects and, in turn, reduce annual debt service payments.

**Figure 2** summarizes the sources and uses of funds, net revenue requirements, and the annual percent adjustments in total rate revenue recommended for the next five years.

**Figure 2. Summary of Water Revenue Requirements**

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		5-Year Projected Rate Period			
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Sources of Water Funds</b>						
Rate Revenue	\$ 2,477,330	\$ 2,489,469	\$ 2,501,667	\$ 2,513,925	\$ 2,526,243	\$ 2,538,622
Non-Rate Revenue	847,683	851,837	856,011	860,205	864,421	868,656
<b>Total Sources of Funds:</b>	<b>\$ 3,325,013</b>	<b>\$ 3,341,306</b>	<b>\$ 3,357,678</b>	<b>\$ 3,374,131</b>	<b>\$ 3,390,664</b>	<b>\$ 3,407,278</b>
<b>Uses of Water Funds</b>						
Operating Expenses	\$ 3,437,554	\$ 3,544,056	\$ 3,655,270	\$ 3,771,458	\$ 3,892,895	\$ 4,019,879
Debt Service	-	-	485,465	485,465	1,544,209	1,544,209
Rate-Funded Capital Expenses	-	-	-	-	-	69,216
<b>Total Use of Funds:</b>	<b>\$ 3,437,554</b>	<b>\$ 3,544,056</b>	<b>\$ 4,140,736</b>	<b>\$ 4,256,923</b>	<b>\$ 5,437,104</b>	<b>\$ 5,633,303</b>
<b>Surplus (Deficiency) before Rate Increase</b>	<b>\$ (112,540)</b>	<b>\$ (202,750)</b>	<b>\$ (783,058)</b>	<b>\$ (882,792)</b>	<b>\$ (2,046,441)</b>	<b>\$ (2,226,025)</b>
Additional Revenue from Rate Increases <sup>1</sup>	-	139,410	338,225	553,918	787,848	1,041,483
<b>Surplus (Deficiency) after Rate Increase</b>	<b>\$ (112,540)</b>	<b>\$ (63,340)</b>	<b>\$ (444,832)</b>	<b>\$ (328,874)</b>	<b>\$ (1,258,592)</b>	<b>\$ (1,184,542)</b>
<b>Projected Annual Rate Increase</b>	<b>0.00%</b>	<b>5.60%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>
<b>Net Revenue Requirement<sup>2</sup></b>	<b>\$ 2,589,870</b>	<b>\$ 2,692,218</b>	<b>\$ 3,284,725</b>	<b>\$ 3,396,718</b>	<b>\$ 4,572,684</b>	<b>\$ 4,764,647</b>

1. Assumes new rates are implemented July 1, 2026.

2. This is the annual amount needed from water rates. [Net Revenue Requirement = Total Use of Funds - (Non-Rate Revenues + Interest Earnings)].

**Figure 3** summarizes the projected reserve fund balances and reserve targets for the County’s unrestricted funds. A detailed version of the proposed 5-year financial plan is included in *Appendix A. Water Rate Study Tables and Figures*. The tables in the appendix include the revenue requirement, reserve funds, revenue sources, capital improvement costs, and the proposed rate adjustments needed to meet the County’s funding requirements.

**Figure 3. Summary of Primary Water Reserve Funds**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Operating Reserve</b>						
Ending Balance	\$859,000	\$ 886,000	\$ 914,000	\$ 943,000	\$ 973,000	\$ 1,005,000
<i>Recommended Minimum Target</i>	<i>859,000</i>	<i>886,000</i>	<i>914,000</i>	<i>943,000</i>	<i>973,000</i>	<i>1,005,000</i>
<b>Capital Reserve</b>						
Ending Balance	\$ 8,665,620	\$ 4,182,468	\$ 3,760,321	\$ 3,445,515	\$ 2,200,807	\$ 1,016,004
<i>Recommended Minimum Target</i>	<i>859,000</i>	<i>886,000</i>	<i>914,000</i>	<i>943,000</i>	<i>973,000</i>	<i>1,005,000</i>
<b>Total Ending Balance</b>	<b>\$ 9,524,620</b>	<b>\$ 5,068,468</b>	<b>\$ 4,674,321</b>	<b>\$ 4,388,515</b>	<b>\$ 3,173,807</b>	<b>\$ 2,021,004</b>
<i>Total Recommended Minimum Target</i>	<i>\$ 1,718,000</i>	<i>\$ 1,772,000</i>	<i>\$ 1,828,000</i>	<i>\$ 1,886,000</i>	<i>\$ 1,946,000</i>	<i>\$ 2,010,000</i>

### 2.3 Cost-of-Service Analysis

Once the net revenue requirements are determined, the cost-of-service analysis (COSA) proportionately distributes the revenue requirements to each of the customer classes. The COSA consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to each customer class. Costs are classified according to the function they serve. All costs in the County’s budget are allocated to each component of the rate structure in proportion to the level of service required by customers.

The level of service is related to the volume and strength of the water treated, infrastructure capacity, and customer service. These costs are based on allocation factors, such as water consumption, number of meters, and customer class. Ultimately, a COSA is intended to result in rates that are proportional to the cost of providing service to each customer class.

#### FUNCTIONALIZATION AND CLASSIFICATION OF COSTS

Most costs are not typically allocated just to fixed or variable categories but rather allocated to multiple functions of water service. The functionalization and classification process provides the basis for allocating costs to various customer classes based on the cost causation (classification) components described below:

- **Commodity-related costs** are costs associated with the change in the volume of water produced and delivered. These commonly include the costs of water quality testing, energy related to pumping for transmission and distribution, and source of supply.
- **Capacity-related costs** are costs associated with sizing facilities to meet the maximum, or peak, demand. This includes both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events.
- **Customer-related costs** are costs associated with having a customer connected to the water system, such as meter reading, postage, billing, and other administrative duties.

The County’s budgeted costs were reviewed and allocated to these cost causation components which are used as the basis for establishing new water rates and translated into fixed and variable charges. Tables in the *Appendices* show how the County’s expenses were classified and allocated to these cost causation components. In the analysis, these cost causation components are also considered to be either fixed or variable.

## FIXED AND VARIABLE COSTS

Ideally, utilities should recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges. When this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses, which provides greater revenue stability for the utility. However, other factors are often considered when designing water rates, such as community values, water conservation goals, ease of understanding, and ease of administration.<sup>6</sup>

NBS functionalized the County’s costs into categories that represent fixed and variable costs. This analysis resulted in a cost distribution that is approximately 55% fixed and 45% variable (i.e., volumetric), which is consistent with the County’s current rate revenue collection from customers in proportions of approximately 54% fixed and 46% variable. County staff agrees with NBS that the current rate design is the preferred rate alternative; it provides continuity for the County’s rate design while also encouraging water conservation. Therefore, the proposed new rates are based on these 55% fixed and 45% variable allocations.

**Figure 4** summarizes how costs are allocated to each cost component and used to establish new water rates. **Figure 5** shows the resulting cost allocation to each cost classification component.

**Figure 4. Allocation Percentages of Revenue Requirements**

Classification Components	Cost-of-Service Net Revenue Requirements (FY 2026/27)	
	Amount	Percentage
Commodity-Related Costs	\$ 1,183,666	45.0%
Capacity-Related Costs	1,287,094	49.0%
Customer-Related Costs	158,119	6.0%
<b>Net Revenue Requirement</b>	<b>\$ 2,628,879</b>	<b>100.0%</b>

**Figure 5. Allocated Net Revenue Requirements**

Customer Classes	Classification Components			Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	VARIABLE	FIXED			
	Commodity-Related Costs	Capacity-Related Costs	Customer-Related Costs		
All Customers	\$ 1,183,666	\$ 1,287,094	\$ 158,119	\$ 2,628,879	100.0%
<b>Total Net Revenue Requirement</b>	<b>\$ 1,183,666</b>	<b>\$ 1,287,094</b>	<b>\$ 158,119</b>	<b>\$ 2,628,879</b>	<b>100%</b>

## 2.4 Characteristics of Water Customers by Customer Class

Customer classes are typically determined by grouping customers with similar demand characteristics into categories that reflect the cost differentials to serve each type of customer. In this case customers are identified by meter size, as the land uses are fairly homogenous. The rates proposed in this report follow a similar structure where the fixed charges for the single customer class vary by meter size while all customers are charged a uniform volumetric rate.

<sup>6</sup> *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, AWWA, 7<sup>th</sup> Edition, 2017, pp. 6 and 96.

The amount of consumption, the peaking factors, and the number of meters by size are used to allocate costs to customer classes and determine the appropriate rate structures for each. These components of the COSA are presented in the following figures.

Commodity-related costs are costs associated with the total annual consumption of water by customer class. **Figure 6** below summarizes the most recent consumption data by customer class and represents the expected percent of consumption over the 5-year rate period.

**Figure 6. Water Consumption by Customer Class**

Development of the Volumetric/Variable Allocation Factor <sup>1</sup>		
Customer Class	CY 2024 Consumption (HCF)	% of Total Volume
All Customers	1,080,049	100.0%
<b>Total</b>	<b>1,080,049</b>	<b>100.0%</b>

1. Consumption data is based on County billing data for CY 2024.

**Figure 7** shows the number of meters for each customer class. The percentage of total customers by customer class is then used to develop the customer allocation factors to allocate customer costs. Customer costs are those costs associated with having customers connected to the water system and include costs related to meter reading, postage, and billing.

**Figure 7. Number of Meters by Customer Class**

Development of the Customer Allocation Factor		
Customer Class	No. of Meters	% of Total Meters
All Customers	4,029	100.0%
<b>Total</b>	<b>4,029</b>	<b>100.0%</b>

1. Consumption data is based on County billing data for CY 2024.

## 2.5 Rate Design Analysis

Evaluating the water rate structure includes reviewing rate-design objectives and policies, including continuity of rate design, revenue stability, equity among customers, and water conservation. NBS discussed the 55%/45% rate design with County staff over the course of this study as it is close to the actual cost of service based on NBS’ analysis and consistent with the current rate design. Also, because of the difficulty meeting Prop 218 legal requirements of demonstrating the cost basis for tiered rates given the County’s water supply costs, the preferred rate structure proposes a uniform tier for all customers rather than the existing two-tiers. The following section describes how the proposed water rates were determined.

### DEVELOPMENT OF PROPOSED RATES

#### **Fixed Service Charges**

The fixed meter charge recognizes that the water utility incurs fixed costs regardless of whether customers use water. Two components comprise the fixed meter charge: (1) the capacity component, and (2) the customer component. The capacity component recovers costs associated with sizing the water system to ensure there is sufficient capacity in the system to meet peak demand. A user class with higher capacity is allocated a proportionately higher share of the capacity-related costs compared to customer classes with

lower capacity. The customer component includes those costs related to reading and maintaining meters, customer billing and collection, and other customer service-related costs.

Fixed charges also vary based on meter sizes because larger meters have higher capacity requirements and reflect their potential to use more of the system’s capacity.<sup>7</sup> The potential capacity demand is proportional to the maximum hydraulic flow through each meter size based on the hydraulic capacity ratios established by AWWA.<sup>8</sup> The AWWA capacity ratios used for this report are shown in

Figure 8.

Figure 8. Hydraulic Capacity Factors

Meter Size	Standard Meters	
	Meter Capacity	Equivalency to 3/4 inch
	<i>Displacement Meters</i>	
3/4 inch	30	1.00
1 inch	50	1.67
1 1/2 inch	100	3.33
2 inch	160	5.33
	<i>Compound Class I Meters</i>	
3 inch	320	10.67
4 inch	500	16.67
6 inch	1,000	33.33
8 inch	1,600	53.33
	<i>Turbine Class II Meters</i>	
10 inch	4,200	140.00
12 inch	5,300	176.67

1. Per AWWA, M1 Manual, Table B-1.

The actual number of meters by size is multiplied by the corresponding capacity ratios to calculate “equivalent” meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. **Figure 9** summarizes the number of meters, the hydraulic capacity factors, and the number of equivalent meters (i.e., the number of meters multiplied by the hydraulic capacity factor) by customer class and meter size.

Figure 9. Equivalent Meters

Number of Meters by Class and Size <sup>1</sup>	FY 2026/27								Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	8" meter	
All Customers	0	3,965	3	45	9	1	3	3	4,029
<b>Total Meters/Accounts</b>	<b>0</b>	<b>3,965</b>	<b>3</b>	<b>45</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4,029</b>
<i>Hydraulic Capacity Factor</i> <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33	53.33	
<b>Total Equivalent Meters</b>	<b>0</b>	<b>6,608</b>	<b>10</b>	<b>240</b>	<b>96</b>	<b>17</b>	<b>100</b>	<b>160</b>	<b>7,231</b>

Using the costs allocated to each customer class from Figure 5, **Figure 10** shows the calculation of the fixed monthly service charges for all customer classes based on meter size. As previously mentioned, the customer service charge is calculated by dividing the customer service-related costs by the total number of

<sup>7</sup> System capacity is the system’s ability to supply water to all delivery points at the time when demanded.

<sup>8</sup> *Principles of Water Rates, Fees and Charges*, Manual of Water Supply Practices, Manual M1, AWWA, 7<sup>th</sup> Edition, 2017, p. 386. *Water Meters – Selection, Installation, Testing and Maintenance*, Manual M6, AWWA, 5<sup>th</sup> Edition, 2012, pp. 63-65.

meters, whereas the fixed capacity charge is calculated by dividing the capacity-related costs by the total number of equivalent meters for each meter size.

**Figure 10. Calculation of Fixed Service Charges**

Number of Meters by Class and Size <sup>1</sup>	FY 2026/27								Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	8" meter	
All Customers	0	3,965	3	45	9	1	3	3	4,029
<b>Total Meters/Accounts</b>	<b>0</b>	<b>3,965</b>	<b>3</b>	<b>45</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4,029</b>
Hydraulic Capacity Factor <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33	53.33	
<b>Total Equivalent Meters</b>	<b>0</b>	<b>6,608</b>	<b>10</b>	<b>240</b>	<b>96</b>	<b>17</b>	<b>100</b>	<b>160</b>	<b>7,231</b>
<b>Monthly Fixed Service Charges</b>									
Customer Costs (\$/Acct/month) <sup>3</sup>	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	
Capacity Costs (\$/Acct/month) <sup>4</sup>	14.83	24.72	49.44	79.11	158.22	247.22	494.44	791.10	
<b>Total Monthly Meter Charge</b>	<b>\$ 18.10</b>	<b>\$ 27.99</b>	<b>\$ 52.71</b>	<b>\$ 82.38</b>	<b>\$ 161.49</b>	<b>\$ 250.49</b>	<b>\$ 497.71</b>	<b>\$ 794.37</b>	

1. Meter by Class and Size are based on December 2024 customer billing data.
2. Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

**Volumetric Rates**

Currently, the County uses a 3-tier rate structure for all customers; however, the proposed rates are based on a uniform, or single tier, volumetric rate. Given the single source of water supply, a uniform volumetric rate is more feasible from a Prop 218 perspective.

Figure 11 shows the calculation of the uniform tier rate per unit of water for all customers.

**Figure 11. Uniform Tier Rates for FY 2026/27**

Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
All Customers	1,080,049	\$ 1,183,666	45.0%	\$1.10	Uniform
<b>Total Water</b>	<b>1,080,049</b>	<b>\$ 1,183,666</b>	<b>45.0%</b>		

**2.6 Proposed Water Rates**

Since the County’s last rate study, the underlying cost factors (e.g., number of meters and water consumption) have changed. The cost-of-service analysis by nature “re-balances” how costs are allocated between customer classes and, as a result, there are uneven adjustments in the first year of the 5-year rate adoption period. In contrast, in the subsequent four years of the rate planning period, proposed charges are simply adjusted by the proposed adjustment in total rate revenue needed to meet projected revenue requirements.

Figure 12 provides a comparison of the current and proposed water rates for FY 2026/27 through 2030/31 for each meter size. Projected rates for each fiscal year reflect adjustments based on the cost-of-service analysis, the 55% fixed/45% variable rate design structure, and the recommended percent increases in rate revenue planned for each year. More detailed tables on the development of the proposed water rates are documented in Appendix A. Water Rate Study Tables and Figures.

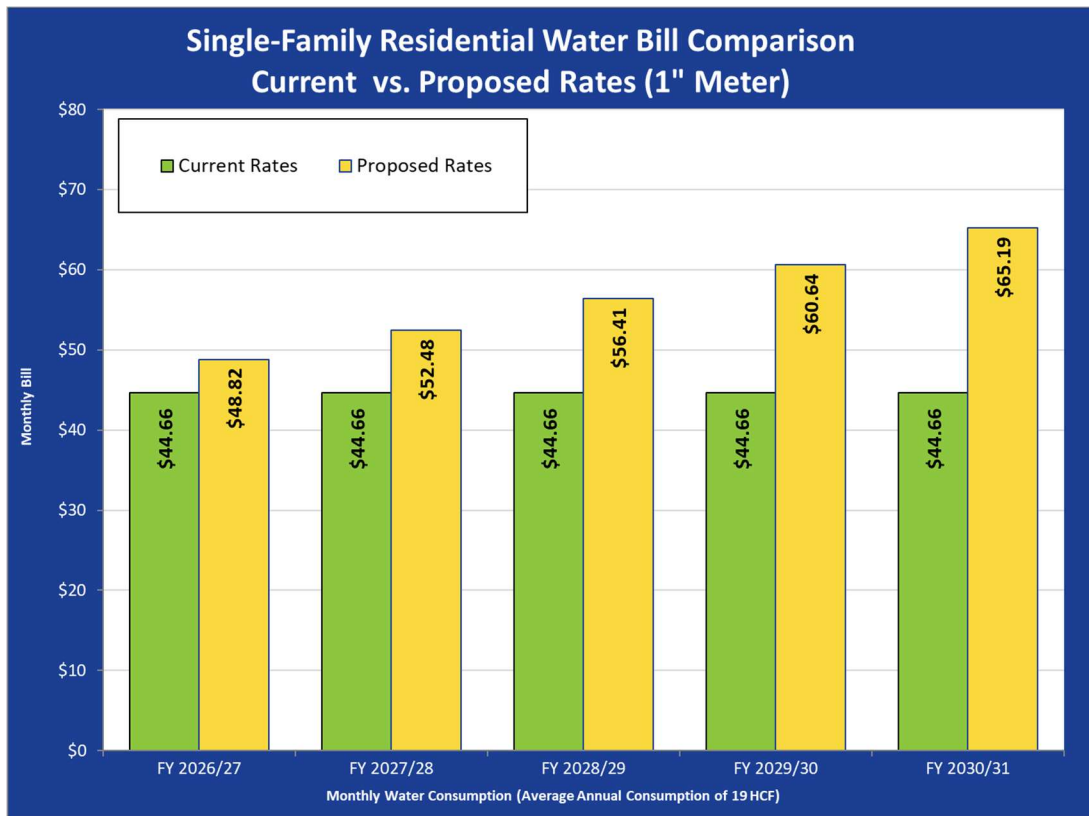
**Figure 12. Current and Proposed Water Rates**

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Monthly Fixed Service Charges (in \$/mo)</b>						
<b>Domestic Service Charge</b>						
3/4"	\$15.63	\$18.10	\$19.46	\$20.92	\$22.49	\$24.18
1"	\$26.05	27.99	30.09	32.35	34.77	37.38
1.5"	\$52.11	52.71	56.67	60.92	65.49	70.40
2"	\$83.37	82.38	88.56	95.20	102.34	110.02
3"	\$166.75	161.49	173.60	186.62	200.62	215.66
4"	\$260.55	250.49	269.27	289.47	311.18	334.52
6"	\$521.10	497.71	535.03	575.16	618.30	664.67
8"	\$833.75	794.37	853.94	917.99	986.84	1,060.85
<b>Water Usage Charges (in \$/HCF)</b>						
0-14	\$0.94	\$1.10	\$1.18	\$1.27	\$1.36	\$1.46
15-80	\$1.09	N/A	N/A	N/A	N/A	N/A
81+	\$1.24	N/A	N/A	N/A	N/A	N/A

## 2.7 Comparison of Current and Proposed Water Bills

Figure 13 compares a monthly water bills under the current and proposed water rates for a residential customer. These monthly bills for each year of the rate period are based on typical meter sizes and highlight the average consumption levels for the customer.

**Figure 13. Monthly Water Bill Comparison for Residential Customers**



## 3. Sewer Rate Study

---

### 3.1 Key Sewer Rate Study Issues

The County's sewer rate analysis was undertaken with a few specific objectives, including:

- Ensuring equity among customer classes by collecting rate revenue through the cost-of-service process based on both fixed monthly charges and volumetric rates.
- Maintain adequate reserve levels to ensure continuity in operations.
- Comply with Prop 218 requirements to ensure costs are properly allocated between user classifications.

### 3.2 Financial Plan

Like the water utility, it is important for the sewer utility to ensure rates provide sufficient funding to cover operating and maintenance costs, planned capital expenditures, and maintain reasonable reserves. The sewer utility's rate increases are governed by these needs, and the current state of the County's sewer utility is as follows:

**Meeting Net Revenue Requirements:** For FY 2026/27 through FY 2030/31, the projected net revenue requirements (that is, total operating expenses plus rate-funded capital costs less non-rate revenues) for the County averages approximately \$2.6 million to \$3.1 million annually. If no rate increases are implemented, the County is projected to run an annual deficit of approximately \$97 thousand beginning in FY 2028/29 but increasing to \$335 thousand by FY 2030/31.

**Maintaining Reserve Funds:** Reserve funds provide a basis for a utility to cope with fiscal emergencies such as revenue shortfalls, asset failure, and natural disasters, among other events. Reserve policies provide guidelines for sound financial management, with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. The reserve funds for the sewer utility are considered unrestricted reserves and consist of the following:

- **Operating Reserve:** The target ending fund balance for the operating reserve is equal to 90 days of operating expenses, or approximately \$866 thousand in FY 2026/27. An operating reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures. Fluctuations in revenue can be caused by weather patterns, the natural inflow and outflow of cash during billing cycles, and – particularly in periods of economic distress – changes or trends in age of receivables.
- **Capital Rehabilitation & Replacement Reserve** equal to 3% of net assets, or approximately \$866 thousand. This reserve is set aside to address long-term capital system replacement and rehabilitation needs.

**Maintaining Adequate Bond Coverage:** Should the County issue debt to finance capital needs, there would be a requirement to maintain a minimum debt service coverage ratio as specified in the bond documents. Rates need to be set to generate sufficient revenue to provide the required level of coverage on debt services as well as fund operating needs.

**Figure 14** summarizes the sources and uses of funds, net revenue requirements, and the recommended annual increases in sewer rate revenue proposed for the next five years. **Figure 15** summarizes the projected reserve fund balances and reserve targets for the sewer utility’s unrestricted funds.

**Figure 14. Summary of Sewer Revenue Requirements**

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Sources of Sewer Funds</b>						
Rate Revenue Under Current Rates	\$ 2,747,598	\$ 2,761,061	\$ 2,774,590	\$ 2,788,185	\$ 2,801,848	\$ 2,815,577
Non-Rate Revenues	821,280	825,304	829,348	833,412	837,495	841,599
<b>Total: Sources of Funds</b>	<b>\$ 3,568,877</b>	<b>\$ 3,586,365</b>	<b>\$ 3,603,938</b>	<b>\$ 3,621,597</b>	<b>\$ 3,639,343</b>	<b>\$ 3,657,176</b>
<b>Uses of Sewer Funds</b>						
Operating Expenses	\$ 3,346,196	\$ 3,465,684	\$ 3,589,863	\$ 3,718,917	\$ 3,853,038	\$ 3,992,424
Debt Service	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-
<b>Total: Use of Funds</b>	<b>\$ 3,346,196</b>	<b>\$ 3,465,684</b>	<b>\$ 3,589,863</b>	<b>\$ 3,718,917</b>	<b>\$ 3,853,038</b>	<b>\$ 3,992,424</b>
<b>Surplus (Deficiency) before Rate Increase</b>	<b>\$ 222,681</b>	<b>\$ 120,681</b>	<b>\$ 14,075</b>	<b>\$ (97,320)</b>	<b>\$ (213,695)</b>	<b>\$ (335,248)</b>
Additional Revenue from Rate Increases <sup>1</sup>	-	125,904	203,691	284,299	367,821	454,350
<b>Surplus (Deficiency) after Rate Increase</b>	<b>\$ 222,681</b>	<b>\$ 246,585</b>	<b>\$ 217,766</b>	<b>\$ 186,980</b>	<b>\$ 154,126</b>	<b>\$ 119,101</b>
<b>Projected Increases in Rate Revenue</b>	<b>0.00%</b>	<b>4.56%</b>	<b>2.66%</b>	<b>2.66%</b>	<b>2.66%</b>	<b>2.66%</b>
<b>Total Rate Revenue Requirement<sup>2</sup></b>	<b>\$ 2,747,598</b>	<b>\$ 2,886,965</b>	<b>\$ 2,978,281</b>	<b>\$ 3,072,485</b>	<b>\$ 3,169,669</b>	<b>\$ 3,269,926</b>

1. Assumes new rates are implemented July 1, 2026.
2. Total use of funds less non-rate revenues and interest earnings.

**Figure 15. Summary of Sewer Reserve Funds**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Unrestricted Reserves</b>						
<b>Operating Reserve</b>						
Ending Balance	\$ 837,000	\$ 866,000	\$ 897,000	\$ 930,000	\$ 963,000	\$ 998,000
<i>Recommended Minimum Target</i>	<i>837,000</i>	<i>866,000</i>	<i>897,000</i>	<i>930,000</i>	<i>963,000</i>	<i>998,000</i>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Ending Balance	\$ 8,659,718	\$ 8,617,867	\$ 8,702,421	\$ 8,750,619	\$ 8,762,277	\$ 8,733,083
<i>Recommended Minimum Target</i>	<i>837,000</i>	<i>866,000</i>	<i>897,000</i>	<i>930,000</i>	<i>963,000</i>	<i>998,000</i>
<b>Total Ending Balance</b>	<b>\$ 9,496,718</b>	<b>\$ 9,483,867</b>	<b>\$ 9,599,421</b>	<b>\$ 9,680,619</b>	<b>\$ 9,725,277</b>	<b>\$ 9,731,083</b>
<b>Total Recommended Minimum Target</b>	<b>\$ 1,674,000</b>	<b>\$ 1,732,000</b>	<b>\$ 1,794,000</b>	<b>\$ 1,860,000</b>	<b>\$ 1,926,000</b>	<b>\$ 1,996,000</b>

A more detailed version of the utility’s proposed five-year financial plan is included in *Appendix B*. The appendix tables include revenue requirements, reserve funds, revenue sources, proposed rate increases, and the County’s capital improvement program.

### 3.3 Cost-of-Service Analysis

Once the net revenue requirements are determined, the cost-of-service analysis (COSA) proportionately distributes the revenue requirements to the single customer class. The COSA consists of the classification of expenses and then the allocation of those expenses to customer classes based on allocation factors, such as number of equivalent dwelling units (EDUs). Ultimately, a COSA is intended to result in rates that are proportional to the cost of providing service to each customer class.

#### DISTRIBUTION OF COSTS OF SERVICE TO CUSTOMER CLASSES

We arrive at the customer class responsibility for service by applying the unit costs of service to the number of units, in this case Equivalent Dwelling Units, for which the customer class is responsible. In other words, the total revenue requirement is divided by the number of Equivalent Dwelling Units.

### 3.4 Rate Design Analysis

The cost-of-service analysis described in previous sections of this report provide a basis for the design of the sewer rates. Ultimately, the rate alternative selected by County staff is one similar to the existing rate design. The reasons for selecting this alternative are (1) it maintains the existing rate design developed during the last study (2) it provides continuity for sewer customers, and (3) it is easy to understand from a customer’s perspective and easy to administrate from County staff’s perspective.

#### FIXED CHARGES

The fixed charge recognizes that the sewer utility incurs fixed costs regardless of whether customers send any sewer into the County’s collection system. The factor used to develop the fixed change is the number of Equivalent Dwelling Units associated with each account. The monthly fixed charge is calculated by taking 100% of total revenue requirements and dividing by the number of Equivalent Dwelling Units.

The charge calculations are summarized in **Figure 16**.

**Figure 16. Calculation of Fixed Charges**

<b>NET REVENUE REQUIREMENTS (100% FIXED / 0% VARIABLE)</b>				
<b>Customer Class</b>	<b>Number of Billing Units</b>	<b>Net Revenue Requirement</b>	<b>Estimated Fixed Revenue</b>	<b>Monthly Fixed Charge Per Unit</b>
All Customers	4,605	\$ 2,886,965	\$ 2,886,965	\$ 52.24
<b>Total</b>	<b>4,605</b>	<b>\$ 2,886,965</b>	<b>\$ 2,886,965</b>	

### 3.5 Proposed Sewer Rates

The proposed sewer rates are similar to existing rates in terms of the rate design and rate methodology.

**Figure 17. Current vs. Proposed Sewer Rates**

<b>Sewer Rate Schedule</b>	<b>Current Rates</b>	<b>Proposed Sewer Rates</b>				
		<b>FY 2026/27</b>	<b>FY 2027/28</b>	<b>FY 2028/29</b>	<b>FY 2029/30</b>	<b>FY 2030/31</b>
<b>Monthly Fixed Service Charge Per EDU</b>						
<u>All Customers</u>	<u>Per Dwelling Unit</u>					
All Customers	\$50.89	\$52.24	\$53.63	\$55.06	\$56.52	\$58.03

compares the current and proposed rates for FY 2026/27 through FY 2030/31 by customer class. More detailed tables on the development of the proposed rates are documented in *Appendix B*.

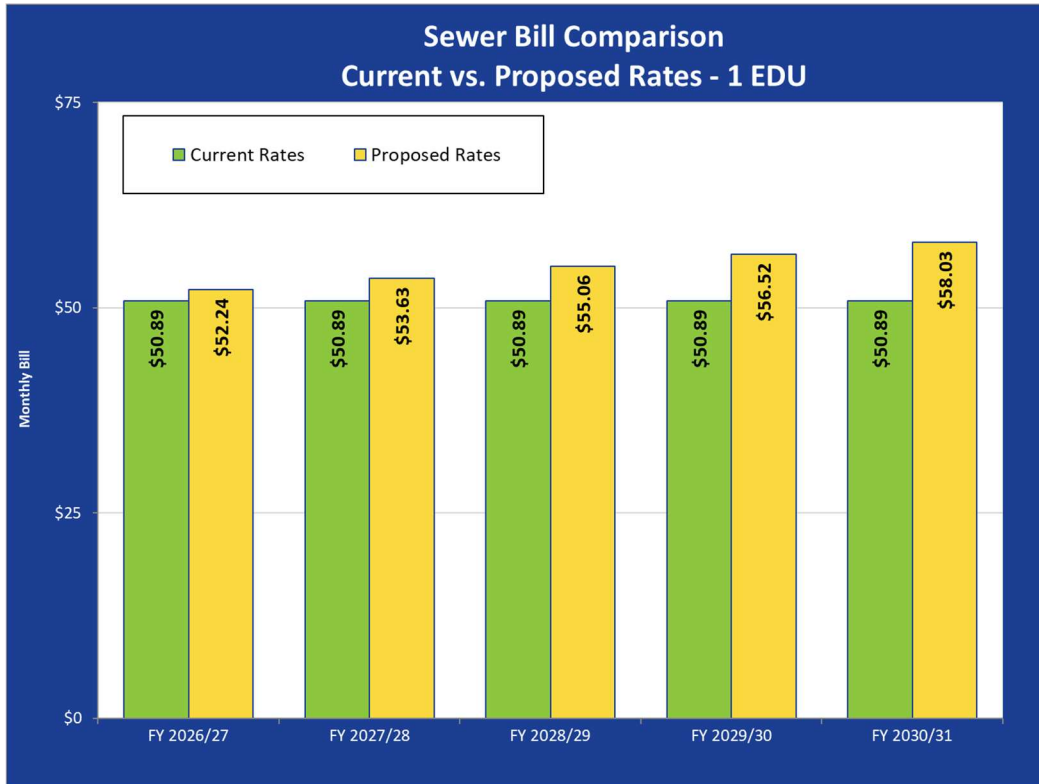
**Figure 17. Current vs. Proposed Sewer Rates**

<b>Sewer Rate Schedule</b>	<b>Current Rates</b>	<b>Proposed Sewer Rates</b>				
		<b>FY 2026/27</b>	<b>FY 2027/28</b>	<b>FY 2028/29</b>	<b>FY 2029/30</b>	<b>FY 2030/31</b>
<b>Monthly Fixed Service Charge Per EDU</b>						
<u>All Customers</u>	<u>Per Dwelling Unit</u>					
All Customers	\$50.89	\$52.24	\$53.63	\$55.06	\$56.52	\$58.03

### 3.6 Comparison of Current and Proposed Sewer Bills

The following figures compare monthly sewer bills under current and proposed rates for a customer with one Equivalent Dwelling Unit over the 5-year rate period.

Figure 18. Sewer Bill Comparison



## 4. Recommendations and Next Steps

---

### 4.1 Consultant Recommendations

NBS recommends the County take the following actions:

- **Approve and Accept this Study:** NBS recommends the Board formally approve and adopt this Study and its recommendations and proceed with the next steps outlined below to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Prop 218 procedural requirements, the County should proceed with implementing the 5-year schedule of proposed rates and rate increases previously shown in Figure 12 and Figure 17. This will help ensure the continued financial health of County's utilities.

### 4.2 Next steps

**Annually Review Rates and Revenue** – Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements — particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

*Note: The attached Technical Appendices provide more detailed information on the analysis of the financial plan, revenue requirements, cost-of-service, and the rate design analyses that have been summarized in this report.*

### 4.3 NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on several principal assumptions and considerations regarding financial matters, conditions, and events that may occur in the future. This information and these assumptions, including the County's budgets, capital improvement costs, customer accounts and consumption, and information from County staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

# Technical Appendices

---

These Appendices contain:

- Appendix A: Water Rate Study Tables and Figures
- Appendix B: Sewer Rate Study Tables and Figures

# Appendix A. Water Rate Study Tables and Figures

---

**TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS**

RATE REVENUE REQUIREMENTS SUMMARY	Budgeted	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Sources of Water Funds<sup>1</sup></b>						
<i>Rate Revenue:</i>						
070-Charges for Current Services	\$ 28,489	\$ 28,629	\$ 28,769	\$ 28,910	\$ 29,051	\$ 29,194
075-Charges for Current Services-Fee Ord	2,477,330	2,489,469	2,501,667	2,513,925	2,526,243	2,538,622
<i>Non-Rate Revenue:</i>						
000-Taxes	603,342	606,298	609,269	612,255	615,255	618,269
030-Revenue From Use of Money & Property	212,034	213,073	214,117	215,166	216,220	217,280
040-Intergovernmental Revenue-State	3,819	3,837	3,856	3,875	3,894	3,913
080-Other Revenue	-	-	-	-	-	-
<b>Total Sources of Funds:</b>	<b>\$ 3,325,013</b>	<b>\$ 3,341,306</b>	<b>\$ 3,357,678</b>	<b>\$ 3,374,131</b>	<b>\$ 3,390,664</b>	<b>\$ 3,407,278</b>
<b>Uses of Water Funds<sup>1</sup></b>						
<i>Operating Expenses:</i>						
200-Services & Supplies-General	\$ 1,365,221	\$ 1,424,454	\$ 1,486,888	\$ 1,552,733	\$ 1,622,217	\$ 1,695,584
410-Capital Outlay-Improvements to Land	\$ 516,000	\$ 532,512	\$ 549,552	\$ 567,138	\$ 585,286	\$ 604,016
430-Capital Outlay-Structures Improvemen	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
530-Other Financ Uses-Operating Trsf Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
540-Intra Entity Reimbursement Out	1,556,332	1,587,089	1,618,830	1,651,587	1,685,392	1,720,279
Subtotal: Operating Expenses	\$ 3,437,554	\$ 3,544,056	\$ 3,655,270	\$ 3,771,458	\$ 3,892,895	\$ 4,019,879
<i>Other Expenditures:</i>						
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Debt Service	-	-	485,465	485,465	1,544,209	1,544,209
Rate-Funded Capital Expenses	0	-	-	-	-	69,216
Subtotal: Other Expenditures	\$ 0	\$ -	\$ 485,465	\$ 485,465	\$ 1,544,209	\$ 1,613,425
<b>Total Uses of Water Funds:</b>	<b>\$ 3,437,554</b>	<b>\$ 3,544,056</b>	<b>\$ 4,140,736</b>	<b>\$ 4,256,923</b>	<b>\$ 5,437,104</b>	<b>\$ 5,633,303</b>
<i>plus: Revenue from Rate Increases<sup>2</sup></i>	-	139,410	338,225	553,918	787,848	1,041,483
<b>Annual Surplus/(Deficit)</b>	<b>\$ (112,541)</b>	<b>\$ (63,340)</b>	<b>\$ (444,832)</b>	<b>\$ (328,874)</b>	<b>\$ (1,258,592)</b>	<b>\$ (1,184,542)</b>
<b>Net Revenue Req't. (Total Uses less Non-Rate Revenue)</b>	<b>\$ 2,589,870</b>	<b>\$ 2,692,218</b>	<b>\$ 3,284,725</b>	<b>\$ 3,396,718</b>	<b>\$ 4,572,684</b>	<b>\$ 4,764,647</b>
<b>Total Rate Revenue After Rate Increases (Water)</b>	<b>\$ 2,505,819</b>	<b>\$ 2,657,507</b>	<b>\$ 2,868,661</b>	<b>\$ 3,096,753</b>	<b>\$ 3,343,143</b>	<b>\$ 3,609,299</b>
<b>Projected Annual Rate Revenue Increase</b>	<b>0.00%</b>	<b>5.60%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>
<b>Cumulative Increase from Annual Revenue Increases</b>	<b>0.00%</b>	<b>5.60%</b>	<b>13.52%</b>	<b>22.03%</b>	<b>31.19%</b>	<b>41.03%</b>
<b>Debt Coverage After Rate Increase</b>	<b>N/A</b>	<b>N/A</b>	<b>0.08</b>	<b>0.32</b>	<b>0.18</b>	<b>0.28</b>

1. Revenue and expenses for FY 2025/26 provided by the County. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.
2. Revenue from rate increases assumes an implementation date of July 1, 2026 for new rates. For each year thereafter, the assumption is that new rates will be implemented on July 1st of each year.

1	<- Select Financial Plan Scenario Here	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
1	Alternative 1 - Custom Rate Increases	0.00%	5.60%	7.50%	7.50%	7.50%	7.50%
2	Alternative 2 - Custom Rate Increases	0.00%	8.00%	8.00%	6.00%	6.00%	6.00%
3	Alternative 3 - Custom Rate Increases	0.00%	20.00%	20.00%	10.00%	8.00%	5.00%
4	Alternative 4 - No Rate Increases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TABLE 2 : RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY	Budgeted	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Unrestricted Reserve:</b>						
<b>Total Beginning Cash<sup>1</sup></b>						
<b>Operating Reserve</b>						
Beginning Reserve Balance	\$ 842,000	\$ 859,000	\$ 886,000	\$ 914,000	\$ 943,000	\$ 973,000
Plus: Net Cash Flow (After Rate Increases)	(112,541)	(63,340)	(444,832)	(328,874)	(1,258,592)	(1,184,542)
Plus: Transfer in of Debt Reserve Surplus	-	-	-	-	-	-
Plus: Interest Earnings	8,420	8,590	8,860	9,140	9,430	9,730
Less: Transfer out to Capital and Infrastructure Reserve	121,121	81,750	463,972	348,734	1,279,162	1,206,812
<b>Ending Operating Reserve Balance</b>	<b>\$859,000</b>	<b>\$886,000</b>	<b>\$914,000</b>	<b>\$943,000</b>	<b>\$973,000</b>	<b>\$1,005,000</b>
<b>Target Ending Balance (90 days of O&amp;M)<sup>2</sup></b>	<b>\$ 859,000</b>	<b>\$ 886,000</b>	<b>\$ 914,000</b>	<b>\$ 943,000</b>	<b>\$ 973,000</b>	<b>\$ 1,005,000</b>
<b>Capital Reserve</b>						
Beginning Reserve Balance	\$ 8,699,744	\$ 8,665,620	\$ 4,182,468	\$ 3,760,321	\$ 3,445,515	\$ 2,200,807
Plus: Grant Proceeds	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	(121,121)	(81,750)	(463,972)	(348,734)	(1,279,162)	(1,206,812)
Plus: Interest Earnings	86,997	86,656	41,825	37,603	34,455	22,008
Less: Use of Reserves for Capital Projects	-	(4,488,059)	-	(3,675)	-	-
<b>Ending Capital Reserve Balance</b>	<b>\$ 8,665,620</b>	<b>\$ 4,182,468</b>	<b>\$ 3,760,321</b>	<b>\$ 3,445,515</b>	<b>\$ 2,200,807</b>	<b>\$ 1,016,004</b>
<b>Target Ending Balance (90 days of O&amp;M)<sup>2</sup></b>	<b>\$ 859,000</b>	<b>\$ 886,000</b>	<b>\$ 914,000</b>	<b>\$ 943,000</b>	<b>\$ 973,000</b>	<b>\$ 1,005,000</b>
<b>Ending Balance - Excl. Restricted Reserves</b>	<b>\$ 9,524,620</b>	<b>\$ 5,068,468</b>	<b>\$ 4,674,321</b>	<b>\$ 4,388,515</b>	<b>\$ 3,173,807</b>	<b>\$ 2,021,004</b>
<b>Min. Target Ending Balance -Excl. Restricted Reserves</b>	<b>\$ 1,718,000</b>	<b>\$ 1,772,000</b>	<b>\$ 1,828,000</b>	<b>\$ 1,886,000</b>	<b>\$ 1,946,000</b>	<b>\$ 2,010,000</b>
<b>Ending Surplus/(Deficit) Compared to Reserve Targets</b>	<b>\$ 7,806,620</b>	<b>\$ 3,296,468</b>	<b>\$ 2,846,321</b>	<b>\$ 2,502,515</b>	<b>\$ 1,227,807</b>	<b>\$ 11,004</b>
<b>Annual Interest Earnings Rate<sup>3</sup></b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

1. Beginning cash balances provided by District Staff.

2. The target ending balance is set equal to 90 days of O&M expenses.

3. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2018-2024). The source is the California State Treasurer's website:

<https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp>.

TABLE 4: REVENUE FORECAST<sup>1</sup>

DESCRIPTION	Basis	Budgeted	5-Year Projected Rate Period					
		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	
<b>Operating Revenue</b>								
40008015 PROP TAXES-CURR SEC 1% TAX LVY	1	\$ 522,548	\$ 525,108	\$ 527,682	\$ 530,267	\$ 532,865	\$ 535,477	
40008025 PROP TX CUR UNSEC 1% GEN TAX	1	25,123	25,246	25,369	25,494	25,619	25,744	
40008035 PROP TX CUR UNITARY 1% LEVY	1	20,098	20,196	20,295	20,395	20,495	20,595	
40008115 PROP TX PRI SEC 1% GEN TAX LVY	1	100	101	101	102	102	103	
40008125 PROP TX PRI UNSEC 1% GEN TAX	1	1,005	1,010	1,015	1,020	1,025	1,030	
40008145 INT & PEN DELINQUENT TAXES	1	1,809	1,818	1,827	1,836	1,845	1,854	
40008161 NEGOTIATED PASS-THRU	1	502	505	507	510	512	515	
40008166 RESIDUAL BALANCE	1	5,527	5,554	5,581	5,609	5,636	5,664	
40008172 STATUTORY PASS THRU	1	2,512	2,525	2,537	2,549	2,562	2,574	
40008230 SUPP ROLL CURRENT	1	10,049	10,098	10,148	10,197	10,247	10,298	
40008235 SUPP ROLL PRIOR	1	14,069	14,138	14,207	14,276	14,346	14,417	
<b>000-Taxes</b>		<b>\$ 603,342</b>	<b>\$ 606,298</b>	<b>\$ 609,269</b>	<b>\$ 612,255</b>	<b>\$ 615,255</b>	<b>\$ 618,269</b>	
40308500 INTEREST	1	212,034	213,073	214,117	215,166	216,220	217,280	
<b>030-Revenue From Use of Money &amp; Property</b>		<b>\$ 212,034</b>	<b>\$ 213,073</b>	<b>\$ 214,117</b>	<b>\$ 215,166</b>	<b>\$ 216,220</b>	<b>\$ 217,280</b>	
40408800 GENERAL TAX LEVY HOMEOWNER EXM	1	3,819	3,837	3,856	3,875	3,894	3,913	
<b>040-Intergovernment Revenue-State</b>		<b>\$ 3,819</b>	<b>\$ 3,837</b>	<b>\$ 3,856</b>	<b>\$ 3,875</b>	<b>\$ 3,894</b>	<b>\$ 3,913</b>	
40708155 SPECIAL ASSMNT ALL PRIOR YEARS	1	2,010	2,020	2,030	2,039	2,049	2,060	
40708160 SP ASSMNT CUR YR TX ROLL GEN	1	201	202	203	204	205	206	
40708165 SP ASSMNT CUR YR TX ROLL WATER	1	11,054	11,108	11,162	11,217	11,272	11,327	
40708175 SP ASSMNT CUR YR DEL USER CHGS	1	15,074	15,147	15,222	15,296	15,371	15,446	
40709680 PERMIT & INSPECTION FEES	1	151	151	152	153	154	154	
<b>070-Charges for Current Services</b>		<b>\$ 28,489</b>	<b>\$ 28,629</b>	<b>\$ 28,769</b>	<b>\$ 28,910</b>	<b>\$ 29,051</b>	<b>\$ 29,194</b>	
40758480 FEE ORD-PENALTIES	1	71,348	71,698	72,049	72,402	72,757	73,113	
40759680 FEE ORD-PERMIT & INSPECTION FEES	1	2,512	2,525	2,537	2,549	2,562	2,574	
40759700 FEE ORD-SANITATION SERVICES	1	251	252	254	255	256	257	
40759715 FEE ORD-CONNECTION FEES	1	30,147	30,295	30,443	30,592	30,742	30,893	
40759720 FEE ORD-RESIDENTIAL SALES	1	2,361,515	2,373,086	2,384,715	2,396,400	2,408,142	2,419,942	
40759800 FEE ORD-OTHER SERVICES	1	10,049	10,098	10,148	10,197	10,247	10,298	
40759970 FEE ORD-OTHER	1	1,507	1,515	1,522	1,530	1,537	1,545	
<b>075-Charges for Current Services-Fee Ord</b>		<b>\$ 2,477,330</b>	<b>\$ 2,489,469</b>	<b>\$ 2,501,667</b>	<b>\$ 2,513,925</b>	<b>\$ 2,526,243</b>	<b>\$ 2,538,622</b>	
40809970 OTHER	1	-	-	-	-	-	-	
<b>080-Other Revenue</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL: REVENUE</b>		<b>\$ 3,325,013</b>	<b>\$ 3,337,468</b>	<b>\$ 3,353,822</b>	<b>\$ 3,370,256</b>	<b>\$ 3,386,770</b>	<b>\$ 3,403,365</b>	

TABLE 5: REVENUE SUMMARY

DESCRIPTION	Basis	Budgeted	5-Year Projected Rate Period				
		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
000-Taxes		\$ 603,342	\$ 606,298	\$ 609,269	\$ 612,255	\$ 615,255	\$ 618,269
030-Revenue From Use of Money & Property		212,034	213,073	214,117	215,166	216,220	217,280
040-Intergovernmental Revenue-State		3,819	3,837	3,856	3,875	3,894	3,913
070-Charges for Current Services		28,489	28,629	28,769	28,910	29,051	29,194
075-Charges for Current Services-Fee Ord		2,477,330	2,489,469	2,501,667	2,513,925	2,526,243	2,538,622
080-Other Revenue		-	-	-	-	-	-
<b>TOTAL: REVENUE</b>		<b>\$ 3,325,013</b>	<b>\$ 3,341,306</b>	<b>\$ 3,357,678</b>	<b>\$ 3,374,131</b>	<b>\$ 3,390,664</b>	<b>\$ 3,407,278</b>

TABLE 6 : OPERATING EXPENSE FORECAST<sup>1</sup>

DESCRIPTION	Basis	Budgeted	5-Year Projected Rate Period					
		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	
<b>Operating Expenses</b>								
52002030 SAFETY EQUIP	2	\$ 52	\$ 53	\$ 55	\$ 57	\$ 59	\$ 60	
52002070 FOOD	2	619	639	659	681	702	725	
52002085 LEGAL NOTICES	2	206	213	220	227	234	242	
52002090 MISCELLANEOUS EXPENSE	2	61,920	63,901	65,946	68,057	70,234	72,482	
52002116 COMPUTER HARDWARE EXPENSE	2	516	533	550	567	585	604	
52002120 SMALL TOOLS & INSTRUMENTS	2	2,064	2,130	2,198	2,269	2,341	2,416	
52002130 NONINVENTORIAL EQUIPMENT	2	103	107	110	113	117	121	
52002135 SPECIAL DEPT EXPENSE	2	-	-	-	-	-	-	
52002176 STREET MAINTENANCE	2	113,520	117,153	120,902	124,770	128,763	132,883	
52002180 UTILITIES	2	929	959	989	1,021	1,054	1,087	
52002182 UTILITIES-ELECTRICITY	5	303,382	328,716	356,166	385,907	418,133	453,050	
52002186 UTILITIES-WATER	2	412,800	426,010	439,642	453,710	468,229	483,213	
52002210 PROPERTY INSURANCE (ISF ONLY)	2	103	107	110	113	117	121	
52002305 GENERAL OFFICE EXPENSE	2	1,032	1,065	1,099	1,134	1,171	1,208	
52002310 PRESORT & PACKAGING (ISF ONLY)	2	19,608	20,235	20,883	21,551	22,241	22,953	
52002323 COURIER & PRINTING (ISF ONLY)	2	7,224	7,455	7,694	7,940	8,194	8,456	
52002350 PRINTING - OUTSIDE VENDORS	2	-	-	-	-	-	-	
52002415 COUNTY SERVICES (INCL COWCAP )	2	5,565	5,743	5,926	6,116	6,312	6,514	
52002441 EXTERMINATOR	2	516	533	550	567	585	604	
52002445 OTHER PROFESSIONAL & SPEC SVCS	2	309,600	319,507	329,731	340,283	351,172	362,409	
52002448 COUNTY COUNSEL SERVICES	3	2,500	2,500	2,500	2,500	2,500	2,500	
52002458 PERMIT COSTS	2	15,480	15,975	16,487	17,014	17,559	18,120	
52002660 PENALTIES	2	155	160	165	170	176	181	
52002678 MISCELLANEOUS LAB TESTING	2	20,640	21,300	21,982	22,686	23,411	24,161	
52002835 GENERAL HOUSEHOLD EXPENSES	2	2,064	2,130	2,198	2,269	2,341	2,416	
52002855 GENERAL MAINTENANCE-EQUIPMENT	2	77,400	79,877	82,433	85,071	87,793	90,602	
52002870 GEN MAINT-STRUCT,IMP & GROUNDS	2	2,064	2,130	2,198	2,269	2,341	2,416	
52002895 RENTS & LEASES - EQUIPMENT	2	5,160	5,325	5,496	5,671	5,853	6,040	
<b>200-Services &amp; Supplies-General</b>		<b>\$ 1,365,221</b>	<b>\$ 1,424,454</b>	<b>\$ 1,486,888</b>	<b>\$ 1,552,733</b>	<b>\$ 1,622,217</b>	<b>\$ 1,695,584</b>	
54104010 IMPROVEMENTS TO LAND	2	516,000	532,512	549,552	567,138	585,286	604,016	
<b>410-Capital Outlay-Improvements to Land</b>	<b>\$ 1</b>	<b>\$ 516,000</b>	<b>\$ 532,512</b>	<b>\$ 549,552</b>	<b>\$ 567,138</b>	<b>\$ 585,286</b>	<b>\$ 604,016</b>	
55405010 SALARIES & BENE TRANSFERS OUT	3	595,179	595,179	595,179	595,179	595,179	595,179	
55405012 SERV & SUPPLY TRANSFERS OUT	2	187,360	193,355	199,542	205,928	212,518	219,318	
55405018 INTERNAL COST ALLOCA OUT	2	773,794	798,555	824,109	850,480	877,696	905,782	
<b>540-Intra Entity Reimbursement Out</b>		<b>\$ 1,556,332</b>	<b>\$ 1,587,089</b>	<b>\$ 1,618,830</b>	<b>\$ 1,651,587</b>	<b>\$ 1,685,392</b>	<b>\$ 1,720,279</b>	
<b>SUBTOTAL: WATER SYSTEM EXPENSES</b>		<b>\$ 3,437,554</b>	<b>\$ 3,544,056</b>	<b>\$ 3,655,270</b>	<b>\$ 3,771,458</b>	<b>\$ 3,892,895</b>	<b>\$ 4,019,879</b>	
<b>GRAND TOTAL: WATER EXPENSES</b>		<b>\$ 3,437,554</b>	<b>\$ 3,544,056</b>	<b>\$ 3,655,270</b>	<b>\$ 3,771,458</b>	<b>\$ 3,892,895</b>	<b>\$ 4,019,879</b>	

TABLE 7 : FORECASTING ASSUMPTIONS

INFLATION FACTORS <sup>5</sup>	Basis	2026	2027	2028	2029	2030	2031
Customer Growth <sup>2</sup>	1	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
General Cost Inflation <sup>3</sup>	2	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
Labor Cost Inflation <sup>4</sup>	3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Chemicals <sup>5</sup>	4	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%
Electricity <sup>6</sup>	5	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%
No Escalation	6	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Revenue and expenses for FY 2024/25 provided by the County. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 7.
- Customer growth is based on the population projections provided by the County.
- General cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Bernardino-Riverside-Ontario, CA area.
- Labor cost inflation is provided by County.
- Chemical cost inflation is based on the 5-year average annual change in the Producer Price Index for Chemical Manufacturing.
- Electricity cost inflation is based on the 5-year average change in the Consumer Price Index for Electricity for the San Bernardino-Riverside-Ontario, CA area.

TABLE 8 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget		5-Year Projected Rate Period			
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Funding Sources:</b>						
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	2,070,000	3,210,000	2,771,795	2,868,808
Use of Capital Rehabilitation and Replacement Reserve	-	4,488,059	-	3,675	-	-
Rate Revenue	340,000	0	-	-	-	-
<b>Total Sources of Capital Funds</b>	<b>\$ 340,000</b>	<b>\$ 4,488,059</b>	<b>\$ 2,070,000</b>	<b>\$ 3,213,675</b>	<b>\$ 2,771,795</b>	<b>\$ 2,868,808</b>
<b>Uses of Capital Funds:</b>						
Total Project Costs	\$ 340,000	\$ 4,488,059	\$ 2,070,000	\$ 3,213,675	\$ 2,771,795	\$ 2,868,808
<b>Capital Funding Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 0</b>
SRF Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>New Revenue Bond Proceeds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,200,000</b>	<b>\$ -</b>	<b>#####</b>	<b>\$ -</b>

TABLE 9 : CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

Policy Choice	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
1 Alternative 1 - Full Funding of CIP	\$ 340,000	\$ 4,488,059	\$ 2,070,000	\$ 3,213,675	\$ 2,771,795	\$ 2,868,808
2 Alternative 2 - 75% Funding of CIP	\$ 255,000	\$ 3,366,044	\$ 1,552,500	\$ 2,410,256	\$ 2,078,846	\$ 2,151,606
3 Alternative 3 - 50% Funding of CIP	\$ 170,000	\$ 2,244,030	\$ 1,035,000	\$ 1,606,838	\$ 1,385,897	\$ 1,434,404

Insert policy choice in box to right, based on options listed above:

Capital Improvement Program Funding Choice	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Effective Annual Funding Amount	\$ 340,000	\$ 4,488,059	\$ 2,070,000	\$ 3,213,675	\$ 2,771,795	\$ 2,868,808

CAPITAL IMPROVEMENT PROGRAM

TABLE 10 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Current-Year Dollars)<sup>1</sup>

Project #	Project Description <sup>2</sup>	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>Water Treatment Plant</i>							
	Archway Renovation	\$ -	\$ 544,825	\$ -	\$ -		
	Spring Valley Lake Shop New Pavement and Sealing	-	550,000	-	-		
	Spring Valley Lake Shop Security Gate	-	44,000	-	-		
	Raise Well Nos. 5 and 6 Pedestal Design	-	344,964	-	-		
	Recoat Tank Nos. 2A and 2B	-	2,052,500	-	-		
	Reservoir No. 1B Design	-	225,000	-	-		
	Reservoir No. 1B Construction	-	-	-	3,000,000		
	Well No. 8 Design	-	325,000	-	-		
	Well No. 8 Construction	-	-	2,000,000	-		
	Capital Outlay	40,000	-	-	-		
	Capital Outlay	300,000	-	-	-		
	Maser Plan	-	250,000	-	-		
<b>Total: CIP Program Costs (Current-Year Dollars)</b>		<b>\$ 340,000</b>	<b>\$ 4,336,289</b>	<b>\$ 2,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ -</b>	<b>\$ -</b>

TABLE 12 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Future-Year Dollars)<sup>2</sup>

Project #	Project Description <sup>2</sup>	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>Water Treatment Plant</i>							
	Archway Renovation	\$ -	\$ 563,894	\$ -	\$ -	\$ -	\$ -
	Spring Valley Lake Shop New Pavement and Sealing	-	569,250	-	-	-	-
	Spring Valley Lake Shop Security Gate	-	45,540	-	-	-	-
	Raise Well Nos. 5 and 6 Pedestal Design	-	357,038	-	-	-	-
	Recoat Tank Nos. 2A and 2B	-	2,124,338	-	-	-	-
	Reservoir No. 1B Design	-	232,875	-	-	-	-
	Reservoir No. 1B Construction	-	-	-	3,213,675	-	-
	Well No. 8 Design	-	336,375	-	-	-	-
	Well No. 8 Construction	-	-	2,070,000	-	-	-
	Capital Outlay	40,000	-	-	-	-	-
	Capital Outlay	300,000	-	-	-	-	-
	Maser Plan	-	258,750	-	-	-	-
	Future Projects	-	-	-	-	2,771,795	2,868,808
<b>Total: CIP Program Costs (Current-Year Dollars)</b>		<b>\$ 340,000</b>	<b>\$ 4,488,059</b>	<b>\$ 2,070,000</b>	<b>\$ 3,213,675</b>	<b>\$ 2,771,795</b>	<b>\$ 2,868,808</b>

TABLE 13 : FORECASTING ASSUMPTIONS

Economic Variables	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Annual Construction Cost Inflation, Per Engineering News Record <sup>3</sup>	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%
Cumulative Construction Cost Multiplier from FY 2027/28	1.00	1.04	1.04	1.07	1.11	1.15

1. Capital project costs were provided by County Staff and assumes Year 1 begins in FY 2026/27.  
 2. The capital project costs have been inflated by District Staff in Current CIP Budget using the Construction Cost Index (See Table 12). Website: <http://enr.construction.com>.  
 3. For reference purposes, the annual Construction Cost Inflation percentage is the 10-year average annual change in the Construction Cost Index for 2013-2023 (3.5%).

TABLE 14: EXISTING DEBT OBLIGATIONS

EXISTING DEBT OBLIGATIONS	Budget	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>N/A</i>						
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Coverage Requirement</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Debt Reserve Target</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 15: EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY WATER RATES

Annual Obligations	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>Existing Annual Debt Service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Existing Annual Coverage Requirement</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Existing Debt Reserve Target</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 16: FUTURE DEBT FINANCING ASSUMPTIONS

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	2.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	20
Debt Reserve Funded	No	Yes
Coverage Requirement (% above annual pmt)	120%	125%

TABLE 17: FUTURE DEBT OBLIGATIONS

Annual Repayment Schedules	2025	2026	2027	2028	2029	2030
<b>SRF Loan Funding</b>						
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue Bonds</b>						
Principal Payment	\$ -	\$ -	\$ 166,383	\$ 175,534	\$ 548,051	\$ 578,193
Interest Payment	-	-	319,082	309,931	996,159	966,016
<b>Subtotal: Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 485,465</b>	<b>\$ 485,465</b>	<b>\$ 1,544,209</b>	<b>\$ 1,544,209</b>
<b>Grand Total: Future Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 485,465</b>	<b>\$ 485,465</b>	<b>\$ 1,544,209</b>	<b>\$ 1,544,209</b>
<b>Grand Total: New Annual Coverage Requirement</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 606,832</b>	<b>\$ 606,832</b>	<b>\$ 1,930,261</b>	<b>\$ 1,930,261</b>
<b>Grand Total: Future Debt Reserve Target</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 485,465</b>	<b>\$ 485,465</b>	<b>\$ 1,544,209</b>	<b>\$ 1,544,209</b>

TABLE 18: TOTAL DEBT SERVICE

Annual Obligations	2025	2026	2027	2028	2029	2030
<b>Annual Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 485,465</b>	<b>\$ 485,465</b>	<b>\$ 1,544,209</b>	<b>\$ 1,544,209</b>
<b>Annual Coverage Requirement</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 606,832</b>	<b>\$ 606,832</b>	<b>\$ 1,930,261</b>	<b>\$ 1,930,261</b>
<b>Total Debt Reserve Target</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 485,465</b>	<b>\$ 485,465</b>	<b>\$ 1,544,209</b>	<b>\$ 1,544,209</b>

TABLE 19 : CURRENT WATER RATE SCHEDULE

Water Rate Schedule	July 1, 2025
<b>Monthly Fixed Service Charges (in \$/mo)</b>	
<b>Domestic Service Charge</b>	
3/4"	\$15.63
1"	\$26.05
1.5"	\$52.11
2"	\$83.37
3"	\$166.75
4"	\$260.55
6"	\$521.10
8"	\$833.75
<b>Water Usage Charges (in \$/HCF)*</b>	
0-14	\$0.94
15-80	\$1.09
81+	\$1.24

\*Bi-Monthly Fee Per HCF

TABLE 20 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

Classification of Expenses							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2026/27	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>Operating Expenses</b>							
52002030 Safety Equip	\$ 53	\$ 24	\$ 27	\$ 3	45.0%	50.0%	5.0%
52002070 Food	639	288	320	32	45.0%	50.0%	5.0%
52002085 Legal Notices	213	96	107	11	45.0%	50.0%	5.0%
52002090 Miscellaneous Expense	63,901	31,951	28,756	3,195	50.0%	45.0%	5.0%
52002116 Computer Hardware Expense	533	240	266	27	45.0%	50.0%	5.0%
52002120 Small Tools & Instruments	2,130	959	1,065	107	45.0%	50.0%	5.0%
52002130 Noninventoriable Equipment	107	48	53	5	45.0%	50.0%	5.0%
52002135 Special Dept Expense	-	-	-	-	45.0%	50.0%	5.0%
52002176 Street Maintenance	117,153	58,576	52,719	5,858	50.0%	45.0%	5.0%
52002180 Utilities	959	479	431	48	50.0%	45.0%	5.0%
52002182 Utilities-Electricity	328,716	164,358	147,922	16,436	50.0%	45.0%	5.0%
52002186 Utilities-Water	426,010	213,005	191,704	21,300	50.0%	45.0%	5.0%
52002210 Property Insurance (Isf Only)	107	48	53	5	45.0%	50.0%	5.0%
52002305 General Office Expense	1,065	-	-	1,065	0.0%	0.0%	100.0%
52002310 Presort & Packaging (Isf Only)	20,235	-	-	20,235	0.0%	0.0%	100.0%
52002323 Courier & Printing (Isf Only)	7,455	-	-	7,455	0.0%	0.0%	100.0%
52002350 Printing - Outside Vendors	-	-	-	-	0.0%	0.0%	100.0%
52002415 County Services (Incl Cowcap )	5,743	2,584	2,871	287	45.0%	50.0%	5.0%
52002441 Exterminator	533	240	266	27	45.0%	50.0%	5.0%
52002445 Other Professional & Spec Svcs	319,507	159,754	143,778	15,975	50.0%	45.0%	5.0%
52002448 County Counsel Services	2,500	1,125	1,250	125	45.0%	50.0%	5.0%
52002458 Permit Costs	15,975	7,189	7,988	799	45.0%	50.0%	5.0%
52002660 Penalties	160	72	80	8	45.0%	50.0%	5.0%
52002678 Miscellaneous Lab Testing	21,300	17,040	3,195	1,065	80.0%	15.0%	5.0%
52002835 General Household Expenses	2,130	959	1,065	107	45.0%	50.0%	5.0%
52002855 General Maintenance-Equipment	79,877	35,945	39,938	3,994	45.0%	50.0%	5.0%
52002870 Gen Maint-Struct,Imp & Grounds	2,130	959	1,065	107	45.0%	50.0%	5.0%
52002895 Rents & Leases - Equipment	5,325	2,663	2,396	266	50.0%	45.0%	5.0%
54104010 Improvements To Land	532,512	133,128	372,758	26,626	25.0%	70.0%	5.0%
54304030 Struct & Improv To Structures	-	-	-	-	45.0%	50.0%	5.0%
55305030 Operating Transfers Out	-	-	-	-	45.0%	50.0%	5.0%
55405010 Salaries & Bene Trfers Out	595,179	267,831	297,590	29,759	45.0%	50.0%	5.0%
55405012 Servs & Supply Trfers Out	193,355	96,678	87,010	9,668	50.0%	45.0%	5.0%
55405018 Internal Cost Alloca Out	798,555	399,277	359,350	39,928	50.0%	45.0%	5.0%
<b>Subtotal: Water System Expenses</b>	<b>\$ 3,544,056</b>	<b>\$ 1,595,512</b>	<b>\$ 1,744,023</b>	<b>\$ 204,521</b>	<b>45.0%</b>	<b>49.2%</b>	<b>5.8%</b>

TABLE 21 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, cont.							
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Basis of Classification		
	FY 2026/27	(COM)	(CAP)	(CA)	(COM)	(CAP)	(CA)
<b>Debt Service Payments</b>							
Outstanding Debt	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
New Debt Issue - SRF Loan	-	-	-	-	0.0%	100.0%	0.0%
New Debt Issue - Revenue Bond	-	-	-	-	0.0%	100.0%	0.0%
<b>Total Debt Service Payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Capital Expenditures</b>							
Rate-Funded Capital Expenses	\$ -	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 3,544,056</b>	<b>\$ 1,595,512</b>	<b>\$ 1,744,023</b>	<b>\$ 204,521</b>	<b>45.0%</b>	<b>49.2%</b>	<b>5.8%</b>
<b>Less: Non-Rate Revenues</b>							
000-Taxes	\$ (606,298)	\$ (272,834)	\$ (303,149)	\$ (30,315)	45.0%	50.0%	5.0%
030-Revenue From Use of Money & Property	(213,073)	(95,883)	(106,536)	(10,654)	45.0%	50.0%	5.0%
040-Intergovernmental Revenue-State	(3,837)	(1,727)	(1,919)	(192)	45.0%	50.0%	5.0%
070-Charges for Current Services	(28,629)	(12,883)	(14,314)	(1,431)	45.0%	50.0%	5.0%
080-Other Revenue	-	-	-	-	45.0%	50.0%	5.0%
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 2,692,218</b>	<b>\$ 1,212,185</b>	<b>\$ 1,318,105</b>	<b>\$ 161,929</b>			
<i>Allocation of Revenue Requirements</i>	100.0%	45.0%	49.0%	6.0%			

TABLE 22 : ADJUSTMENT TO CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

Adjustments to Classification of Expenses				
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)
FY 2026/27 Target Rate Rev. After Rate Increases	\$ 2,628,879			
Projected Revenue at Current Rates	2,489,469			
FY 2026/27 Projected Rate Increase	6%			
<b>Adjusted Net Revenue Req'ts</b>	<b>\$ 2,628,879</b>	<b>\$ 1,183,666</b>	<b>\$ 1,287,094</b>	<b>\$ 158,119</b>
<i>Percent of Revenue</i>	100.0%	45.0%	49.0%	6.0%

TABLE 23 : NET REVENUE REQUIREMENTS PER COSA RESULTS

Net Revenue Requirements - Per COSA Results	Total Rate Revenue Requirements FY 2025/26	Commodity Related Costs	Fixed Costs	
			Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable %	100.0%	45.0%	49.0%	6.0%
Rate-Design Adjustments to Fixed/Variable (\$)	\$2,628,879	\$1,183,666	\$1,287,094	\$158,119

**TABLE 24 : DEVELOPMENT OF THE COMMODITY ALLOCATION FACTOR**

Development of the Volumetric/Variable Allocation Factor <sup>1</sup>		
Customer Class	CY 2024 Consumption (HCF)	% of Total Volume
All Customers	1,080,049	100.0%
<b>Total</b>	<b>1,080,049</b>	<b>100.0%</b>

1. Consumption data is based on County billing data for CY 2024.

**TABLE 25 : DEVELOPMENT OF THE CUSTOMER ALLOCATION FACTORS: METER**

Development of the Customer Allocation Factor		
Customer Class	No. of Meters	% of Total Meters
All Customers	4,029	100.0%
<b>Total</b>	<b>4,029</b>	<b>100.0%</b>

1. Consumption data is based on County billing data for CY 2024.

TABLE 26 : ALLOCATION OF WATER REVENUE REQUIREMENTS

Classification Components	Cost-of-Service Net Revenue Requirements (FY 2026/27)	
Commodity-Related Costs	\$ 1,183,666	45.0%
Capacity-Related Costs	1,287,094	49.0%
Customer-Related Costs	158,119	6.0%
<b>Net Revenue Requirement</b>	<b>\$ 2,628,879</b>	<b>100.0%</b>

TABLE 27 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2026/27

Customer Classes	Classification Components			Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	VARIABLE	FIXED			
	Commodity-Related Costs	Capacity-Related Costs	Customer-Related Costs		
All Customers	\$ 1,183,666	\$ 1,287,094	\$ 158,119	#####	100.0%
<b>Total Net Revenue Requirement</b>	<b>\$ 1,183,666</b>	<b>\$ 1,287,094</b>	<b>\$ 158,119</b>	<b>#####</b>	<b>100%</b>
<i>Total Net Revenue Requirement by Classification Component</i>	<i>VARIABLE</i> \$1,183,666	<i>FIXED</i> \$1,445,213		\$2,628,879	

TABLE 28 : RATE DESIGN - SUMMARY OF REVENUE REQUIREMENTS

Customer Class	COSA Net Revenue Requirements		NET REVENUE REQUIREMENT				
	FY 2026/27	% of COS Rev. Req't.	% Fixed Revenue	% Variable Revenue	Revenue from Volumetric	Revenue from Hydraulic	Revenue from Customer
All Customers	\$ 2,628,879	100.0%	55%	45%	#####	#####	\$ 158,119
<b>Total</b>	<b>\$ 2,628,879</b>	<b>100.0%</b>			<b>#####</b>	<b>#####</b>	<b>\$ 158,119</b>

TABLE 29 : METER EQUIVALENCY FACTORS USED IN FIXED CHARGES CALCULATION

Meter Size	Standard Meters	
	Meter Capacity (GPM) <sup>1</sup>	Equivalency to 3/4 inch
	<i>Displacement Meters</i>	
3/4 inch	30	1.00
1 inch	50	1.67
1 1/2 inch	100	3.33
2 inch	160	5.33
	<i>Compound Class I Meters</i>	
3 inch	320	10.67
4 inch	500	16.67
6 inch	1,000	33.33
8 inch	1,600	53.33
	<i>Turbine Class II Meters</i>	
10 inch	4,200	140.00
12 inch	5,300	176.67

1. Per AWWA, M1 Manual, Table B-1.

TABLE 30 : CALCULATION OF MONTHLY FIXED DOMESTIC METER SERVICE CHARGES

NET REVENUE REQUIREMENT									
Number of Meters by Class and Size <sup>1</sup>	FY 2026/27								Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	8" meter	
All Customers	0	3,965	3	45	9	1	3	3	4,029
<b>Total Meters/Accounts</b>	<b>0</b>	<b>3,965</b>	<b>3</b>	<b>45</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4,029</b>
<i>Hydraulic Capacity Factor<sup>2</sup></i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.67</i>	<i>16.67</i>	<i>33.33</i>	<i>53.33</i>	
<b>Total Equivalent Meters</b>	<b>0</b>	<b>6,608</b>	<b>10</b>	<b>240</b>	<b>96</b>	<b>17</b>	<b>100</b>	<b>160</b>	<b>7,231</b>
<b>Monthly Fixed Service Charges</b>									
Customer Costs (\$/Acct/month) <sup>3</sup>	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	
Capacity Costs (\$/Acct/month) <sup>4</sup>	14.83	24.72	49.44	79.11	158.22	247.22	494.44	791.10	
<b>Total Monthly Meter Charge</b>	<b>\$ 18.10</b>	<b>\$ 27.99</b>	<b>\$ 52.71</b>	<b>\$ 82.38</b>	<b>\$ 161.49</b>	<b>\$ 250.49</b>	<b>\$ 497.71</b>	<b>\$ 794.37</b>	
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>									
Customer Costs	\$ 158,119								
Capacity Costs	1,287,094								
<b>Total Fixed Meter Costs</b>	<b>\$ 1,445,213</b>								
<b>Annual Revenue from Monthly Meter Charges</b>									
Customer Charges	\$ -	\$ 155,607	\$ 118	\$ 1,766	\$ 353	\$ 39	\$ 118	\$ 118	\$ 158,119
Capacity Charges	-	1,176,261	1,780	42,719	17,088	2,967	17,800	28,479	1,287,094
<b>Total Revenue from Monthly Meter Charges</b>	<b>\$ -</b>	<b>\$ 1,331,869</b>	<b>\$ 1,898</b>	<b>\$ 44,485</b>	<b>\$ 17,441</b>	<b>\$ 3,006</b>	<b>\$ 17,917</b>	<b>\$ 28,597</b>	<b>#####</b>

1. Meter by Class and Size are based on December 2024 customer billing data.

2. Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.

3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.

4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

TABLE 31 : ESTIMATED DOMESTIC FIXED REVENUE BY CUSTOMER CLASS

NET REVENUE REQUIREMENT							
Customer Class and Meter Size	Hydraulic Capacity Factor	Number of Meters	Total Equivalent Meters	Fixed Meter Charge		Total Fixed Meter Charge	Estimated Revenue from Fixed
				Customer Component	Capacity Component		
3/4"	1.00	0	0	\$3.27	\$14.83	\$18.10	\$ -
1"	1.67	3,965	6,608	\$3.27	\$24.72	\$27.99	1,331,869
1 1/2"	3.33	3	10	\$3.27	\$49.44	\$52.71	1,898
2"	5.33	45	240	\$3.27	\$79.11	\$82.38	44,485
3"	10.67	9	96	\$3.27	\$158.22	\$161.49	17,441
4"	16.67	1	17	\$3.27	\$247.22	\$250.49	3,006
6"	33.33	3	100	\$3.27	\$494.44	\$497.71	17,917
8"	53.33	3	160	\$3.27	\$791.10	\$794.37	28,597
<b>Total</b>		<b>4,026</b>	<b>7,071</b>				<b>#####</b>

TABLE 32 : PROPOSED VOLUMETRIC CHARGES FOR CY 2025 BY CUSTOMER CLASS

<b>NET REVENUE REQUIREMENT</b>					
Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
All Customers	1,080,049	\$ 1,183,666	45.0%	\$1.10	Uniform
<b>Total Water</b>	<b>1,080,049</b>	<b>\$ 1,183,666</b>	<b>45.0%</b>		

TABLE 33 : SUMMARY OF VOLUMETRIC CHARGES FOR FY 2025/26 FOR PROPOSED RATE TABLE

<b>NET REVENUE REQUIREMENT</b>					
Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
All Customers	1,080,049	\$ 1,183,666	45.0%	\$1.10	Uniform
<b>Total Water</b>	<b>1,080,049</b>	<b>\$ 1,183,666</b>	<b>45.0%</b>		

TABLE 34 : ESTIMATED VOLUMETRIC REVENUE BY CUSTOMER CLASS

Customer Class	Estimated Consumption	Estimated Variable Revenue	% of Variable Rate Revenue	<b>NET REVENUE REQUIREMENT</b>	
				Total Estimated	Cost of Service Net Revenue
All Customers	1,080,049	\$ 1,183,666	100.0%	\$ 1,183,666	\$ 2,628,879
<b>Grand Total</b>	<b>1,080,049</b>	<b>\$ 1,183,666</b>	<b>100.0%</b>	<b>\$ 1,183,666</b>	<b>\$ 2,628,879</b>

TABLE 35 : CURRENT VS. PROPOSED MAXIMUM WATER RATES		NET REVENUE REQUIREMENT				
Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Monthly Fixed Service Charges (in \$/mo)</b>						
<b>Domestic Service Charge</b>						
3/4"	\$15.63	\$18.10	\$19.46	\$20.92	\$22.49	\$24.18
1"	\$26.05	27.99	30.09	32.35	34.77	37.38
1.5"	\$52.11	52.71	56.67	60.92	65.49	70.40
2"	\$83.37	82.38	88.56	95.20	102.34	110.02
3"	\$166.75	161.49	173.60	186.62	200.62	215.66
4"	\$260.55	250.49	269.27	289.47	311.18	334.52
6"	\$521.10	497.71	535.03	575.16	618.30	664.67
8"	\$833.75	794.37	853.94	917.99	986.84	1,060.85
<b>Water Usage Charges (in \$/HCF)</b>						
0-14	\$0.94	\$1.10	\$1.18	\$1.27	\$1.36	\$1.46
15-80	\$1.09	N/A	N/A	N/A	N/A	N/A
81+	\$1.24	N/A	N/A	N/A	N/A	N/A

# Appendix B. Sewer Rate Study Tables and Figures

---

TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY	Projected	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Sources of Sewer Funds</b>						
<b>Rate Revenue</b>						
070-Charges for Current Services	\$ 373,597	\$ 375,427	\$ 377,267	\$ 379,116	\$ 380,973	\$ 382,840
075-Charges for Current Services-Fee Ord	\$ 2,747,598	\$ 2,761,061	\$ 2,774,590	\$ 2,788,185	\$ 2,801,848	\$ 2,815,577
<b>Other Revenue</b>						
000-Taxes	\$ 245,698	\$ 246,902	\$ 248,112	\$ 249,328	\$ 250,549	\$ 251,777
030-Revenue From Use of Money & Property	\$ 200,980	\$ 201,965	\$ 202,954	\$ 203,949	\$ 204,948	\$ 205,953
080-Other Revenue	\$ 1,005	\$ 1,010	\$ 1,015	\$ 1,020	\$ 1,025	\$ 1,030
<b>Total: Sources of Funds</b>	<b>\$ 3,568,877</b>	<b>\$ 3,586,365</b>	<b>\$ 3,603,938</b>	<b>\$ 3,621,597</b>	<b>\$ 3,639,343</b>	<b>\$ 3,657,176</b>
<b>Uses of Sewer Funds</b>						
<b>Operating Expenses:</b>						
200-Services & Supplies-General	\$ 1,868,077	\$ 1,941,265	\$ 2,017,325	\$ 2,096,368	\$ 2,178,513	\$ 2,263,880
400-Capital Outlay- Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
530-Other Financ Uses-Operating Trsf Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
540-Intra Entity Reimbursement Out	\$ 1,478,118	\$ 1,524,418	\$ 1,572,538	\$ 1,622,549	\$ 1,674,525	\$ 1,728,544
Subtotal: Operating Expenses	\$ 3,346,196	\$ 3,465,684	\$ 3,589,863	\$ 3,718,917	\$ 3,853,038	\$ 3,992,424
<b>Other Expenditures:</b>						
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Debt Service	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-
Subtotal: Other Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: Uses of Funds</b>	<b>\$ 3,346,196</b>	<b>\$ 3,465,684</b>	<b>\$ 3,589,863</b>	<b>\$ 3,718,917</b>	<b>\$ 3,853,038</b>	<b>\$ 3,992,424</b>
Plus: Revenue from Rate Increases <sup>3</sup>	-	125,904	203,691	284,299	367,821	454,350
<b>Annual Surplus/(Deficit)</b>	<b>\$ 222,681</b>	<b>\$ 246,585</b>	<b>\$ 217,766</b>	<b>\$ 186,980</b>	<b>\$ 154,126</b>	<b>\$ 119,101</b>
<b>Net Revenue Req. (Total Uses less Non-Rate Revenue)</b>	<b>\$ 2,524,916</b>	<b>\$ 2,640,380</b>	<b>\$ 2,760,515</b>	<b>\$ 2,885,505</b>	<b>\$ 3,015,542</b>	<b>\$ 3,150,825</b>
<b>Total Rate Revenue After Rate Increases</b>	<b>\$ 373,597</b>	<b>\$ 501,332</b>	<b>\$ 580,958</b>	<b>\$ 663,415</b>	<b>\$ 748,794</b>	<b>\$ 837,190</b>
<b>Projected Annual Rate Revenue Increase</b>	<b>0.00%</b>	<b>4.56%</b>	<b>2.66%</b>	<b>2.66%</b>	<b>2.66%</b>	<b>2.66%</b>
<b>Cumulative Increase from Annual Revenue Increases</b>	<b>0.00%</b>	<b>4.56%</b>	<b>7.34%</b>	<b>10.20%</b>	<b>13.13%</b>	<b>16.14%</b>
<b>Debt Coverage After Rate Increase</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

1. Revenue and expenses for FY 2024/25 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.
2. Interest earnings for FY 2024/25 are from the District's Budget. For all other years, it is calculated based on historical LAIF returns.
3. Revenue from rate increases assumes an implementation date of July 1, 2026 for new rates. For each year thereafter, the assumption is that new rates will be implemented on July 1st of each year.

1	<-- Select Financial Plan Scenario Here	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
1	Alternative 1 - Custom Rate Increase	0.00%	4.56%	2.66%	2.66%	2.66%	2.66%
2	Alternative 2 - Custom Rate Increase	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3	Alternative 3 - Custom Rate Increases	0.00%	25.00%	7.00%	5.00%	5.00%	3.00%
4	Alternative 4 - No Rate Increases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TABLE 2 : RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY SEWER FUND RESERVES	Projected	Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Total Beginning Cash<sup>1</sup></b>						
<b>Unrestricted Reserves:</b>						
<b>Operating Reserve</b>						
Beginning Reserve Balance	\$ 1,280,084	\$ 837,000	\$ 866,000	\$ 897,000	\$ 930,000	\$ 963,000
Plus: Net Cash Flow (After Rate Increases)	222,681	246,585	217,766	186,980	154,126	119,101
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-	-
Plus: Interest Earnings	12,801	8,370	8,660	8,970	9,300	9,630
Less: Transfer Out to Capital Replacement Reserve	(678,566)	(225,955)	(195,426)	(162,950)	(130,426)	(93,731)
<b>Ending Operating Reserve Balance</b>	<b>\$ 837,000</b>	<b>\$ 866,000</b>	<b>\$ 897,000</b>	<b>\$ 930,000</b>	<b>\$ 963,000</b>	<b>\$ 998,000</b>
<b>Target Ending Balance (90 days of O&amp;M)<sup>2</sup></b>	<b>\$ 837,000</b>	<b>\$ 866,000</b>	<b>\$ 897,000</b>	<b>\$ 930,000</b>	<b>\$ 963,000</b>	<b>\$ 998,000</b>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Beginning Reserve Balance	\$ 8,407,572	\$ 8,659,718	\$ 8,617,867	\$ 8,702,421	\$ 8,750,619	\$ 8,762,277
Plus: Grant Proceeds	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	678,566	225,955	195,426	162,950	130,426	93,731
Less: Use of Reserves for Capital Projects	(426,420)	(267,806)	(110,872)	(114,752)	(118,769)	(122,926)
<b>Ending Capital Rehab &amp; Replacement Reserve Balance</b>	<b>\$ 8,659,718</b>	<b>\$ 8,617,867</b>	<b>\$ 8,702,421</b>	<b>\$ 8,750,619</b>	<b>\$ 8,762,277</b>	<b>\$ 8,733,083</b>
<b>Target Ending Balance (90 days of O&amp;M)<sup>2</sup></b>	<b>\$ 837,000</b>	<b>\$ 866,000</b>	<b>\$ 897,000</b>	<b>\$ 930,000</b>	<b>\$ 963,000</b>	<b>\$ 998,000</b>
<b>Ending Cash Balance - Excl. Restricted Reserves</b>	<b>\$ 9,496,718</b>	<b>\$ 9,483,867</b>	<b>\$ 9,599,421</b>	<b>\$ 9,680,619</b>	<b>\$ 9,725,277</b>	<b>\$ 9,731,083</b>
<b>Min. Target Ending Cash Balance -Excl. Restricted Reser</b>	<b>\$ 1,674,000</b>	<b>\$ 1,732,000</b>	<b>\$ 1,794,000</b>	<b>\$ 1,860,000</b>	<b>\$ 1,926,000</b>	<b>\$ 1,996,000</b>
<b>Ending Surplus/(Deficit) Compared to Reserve Targets</b>	<b>\$ 7,822,718</b>	<b>\$ 7,751,867</b>	<b>\$ 7,805,421</b>	<b>\$ 7,820,619</b>	<b>\$ 7,799,277</b>	<b>\$ 7,735,083</b>
<b>Days Cash on Hand</b>	<b>1,036</b>	<b>999</b>	<b>977</b>	<b>951</b>	<b>922</b>	<b>890</b>
<b>Annual Interest Earnings Rate<sup>3</sup></b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

1. Beginning cash balances are as of July 1, 2024.

2. The target ending balance is set equal to 90-days of O&M expenses.

3. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2018-2024). The source is the California State Treasurer's website:

<https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp>.

TABLE 3 : REVENUE FORECAST<sup>1</sup>

DESCRIPTION	Basis	5-Year Projected Rate Period					
		Projected FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Sewer Operating Revenue</b>							
40008015 PROP TAXES-CURR SEC 1% TAX LVY	1	\$ 226,103	\$ 227,210	\$ 228,324	\$ 229,443	\$ 230,567	\$ 231,697
40008025 PROP TX CUR UNSEC 1% GEN TAX	1	\$ 9,547	\$ 9,593	\$ 9,640	\$ 9,688	\$ 9,735	\$ 9,783
40008035 PROP TX CUR UNITARY 1% LEVY	1	\$ 8,039	\$ 8,079	\$ 8,118	\$ 8,158	\$ 8,198	\$ 8,238
40008145 INT & PEN DELINQUENT TAXES	1	\$ 2,010	\$ 2,020	\$ 2,030	\$ 2,039	\$ 2,049	\$ 2,060
<b>000-Taxes</b>		<b>\$ 245,698.05</b>	<b>\$ 246,901.97</b>	<b>\$ 248,111.79</b>	<b>\$ 249,327.54</b>	<b>\$ 250,549.24</b>	<b>\$ 251,776.93</b>
40308500 INTEREST	1	\$ 200,980	\$ 201,965	\$ 202,954	\$ 203,949	\$ 204,948	\$ 205,953
<b>030-Revenue From Use of Money &amp; Property</b>		<b>\$ 200,980.00</b>	<b>\$ 201,964.80</b>	<b>\$ 202,954.43</b>	<b>\$ 203,948.91</b>	<b>\$ 204,948.26</b>	<b>\$ 205,952.50</b>
40708155 SPECIAL ASSMNT ALL PRIOR YEARS	1	\$ 2,010	\$ 2,020	\$ 2,030	\$ 2,039	\$ 2,049	\$ 2,060
40708160 SP ASSMNT CUR YR TX ROLL GEN	1	\$ 402	\$ 404	\$ 406	\$ 408	\$ 410	\$ 412
40708170 SP ASSMNT CUR YR TX ROLL SEWER	1	\$ 12,059	\$ 12,118	\$ 12,177	\$ 12,237	\$ 12,297	\$ 12,357
<b>070-Charges for Current Services</b>		<b>\$ 14,470.56</b>	<b>\$ 14,541.47</b>	<b>\$ 14,612.72</b>	<b>\$ 14,684.32</b>	<b>\$ 14,756.27</b>	<b>\$ 14,828.58</b>
40758480 FEE ORD-PENALTIES	1	\$ 45,221	\$ 45,442	\$ 45,665	\$ 45,889	\$ 46,113	\$ 46,339
40759680 FEE ORD-PERMIT & INSPECTION FEES	1	\$ 1,256	\$ 1,262	\$ 1,268	\$ 1,275	\$ 1,281	\$ 1,287
40759700 FEE ORD-SANITATION SERVICES	1	\$ 2,747,598	\$ 2,761,061	\$ 2,774,590	\$ 2,788,185	\$ 2,801,848	\$ 2,815,577
40759715 FEE ORD-CONNECTION FEES	1	\$ 301,470	\$ 302,947	\$ 304,432	\$ 305,923	\$ 307,422	\$ 308,929
40759720 FEE ORD-RESIDENTIAL SALES	1	\$ 25	\$ 25	\$ 25	\$ 25	\$ 26	\$ 26
40759800 FEE ORD-OTHER SERVICES	1	\$ 11,054	\$ 11,108	\$ 11,162	\$ 11,217	\$ 11,272	\$ 11,327
40759970 FEE ORD-OTHER	1	\$ 100	\$ 101	\$ 101	\$ 102	\$ 102	\$ 103
<b>075-Charges for Current Services-Fee Ord</b>		<b>\$ 3,106,723.72</b>	<b>\$ 3,121,946.66</b>	<b>\$ 3,137,244.20</b>	<b>\$ 3,152,616.70</b>	<b>\$ 3,168,064.52</b>	<b>\$ 3,183,588.04</b>
40809930 OTHER SALES	1	\$ 1,005	\$ 1,010	\$ 1,015	\$ 1,020	\$ 1,025	\$ 1,030
<b>080-Other Revenue</b>		<b>\$ 1,004.90</b>	<b>\$ 1,009.82</b>	<b>\$ 1,014.77</b>	<b>\$ 1,019.74</b>	<b>\$ 1,024.74</b>	<b>\$ 1,029.76</b>
<b>TOTAL: REVENUE</b>		<b>\$ 3,568,877</b>	<b>\$ 3,586,365</b>	<b>\$ 3,603,938</b>	<b>\$ 3,621,597</b>	<b>\$ 3,639,343</b>	<b>\$ 3,657,176</b>

TABLE 4 : REVENUE SUMMARY

DESCRIPTION	Basis	5-Year Projected Rate Period					
		Projected FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Rate Revenue</b>							
070-Charges for Current Services		\$ 373,597	\$ 375,427	\$ 377,267	\$ 379,116	\$ 380,973	\$ 382,840
075-Charges for Current Services-Fee Ord		\$ 2,747,598	\$ 2,761,061	\$ 2,774,590	\$ 2,788,185	\$ 2,801,848	\$ 2,815,577
<b>Other Revenue</b>							
000-Taxes		\$ 245,698	\$ 246,902	\$ 248,112	\$ 249,328	\$ 250,549	\$ 251,777
030-Revenue From Use of Money & Property		\$ 200,980	\$ 201,965	\$ 202,954	\$ 203,949	\$ 204,948	\$ 205,953
080-Other Revenue		\$ 1,005	\$ 1,010	\$ 1,015	\$ 1,020	\$ 1,025	\$ 1,030
<b>TOTAL: REVENUE</b>		<b>\$ 3,568,877</b>	<b>\$ 3,586,365</b>	<b>\$ 3,603,938</b>	<b>\$ 3,621,597</b>	<b>\$ 3,639,343</b>	<b>\$ 3,657,176</b>

TABLE 5 : OPERATING EXPENSE FORECAST<sup>1</sup>

DESCRIPTION	Basis	5-Year Projected Rate Period					
		Projected FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Operating Expenses</b>							
<i>Operating Expenses</i>							
52002085 LEGAL NOTICES	2	\$ 41	\$ 43	\$ 45	\$ 46	\$ 48	\$ 50
52002116 COMPUTER HARDWARE EXPENSE	2	\$ 516	\$ 536	\$ 557	\$ 579	\$ 602	\$ 626
52002120 SMALL TOOLS & INSTRUMENTS	2	\$ 2,270	\$ 2,360	\$ 2,452	\$ 2,549	\$ 2,649	\$ 2,753
52002130 NONINVENTORABLE EQUIPMENT	2	\$ 516	\$ 536	\$ 557	\$ 579	\$ 602	\$ 626
52002135 SPECIAL DEPT EXPENSE	2	\$ 516	\$ 536	\$ 557	\$ 579	\$ 602	\$ 626
52002176 STREET MAINTENANCE	2	\$ 10,320	\$ 10,726	\$ 11,147	\$ 11,585	\$ 12,040	\$ 12,514
52002180 UTILITIES	2	\$ 1,238	\$ 1,287	\$ 1,338	\$ 1,390	\$ 1,445	\$ 1,502
52002182 UTILITIES-ELECTRICITY	5	\$ 14,367	\$ 14,743	\$ 15,129	\$ 15,526	\$ 15,933	\$ 16,350
52002186 UTILITIES-WATER	2	\$ 2,064	\$ 2,145	\$ 2,229	\$ 2,317	\$ 2,408	\$ 2,503
52002187 UTILITIES-SEWER	2	\$ 1,656,093	\$ 1,721,177	\$ 1,788,820	\$ 1,859,120	\$ 1,932,184	\$ 2,008,119
52002188 UTILITIES-REFUSE	2	\$ 3,096	\$ 3,218	\$ 3,344	\$ 3,476	\$ 3,612	\$ 3,754
52002210 PROPERTY INSURANCE (ISF ONLY)	2	\$ 47	\$ 49	\$ 51	\$ 53	\$ 55	\$ 58
52002235 VEHICLE LIABILITY (ISF ONLY)	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52002310 PRESORT & PACKAGING (ISF ONLY)	2	\$ 17,544	\$ 18,233	\$ 18,950	\$ 19,695	\$ 20,469	\$ 21,273
52002323 COURIER & PRINTING (ISF ONLY)	2	\$ 1,032	\$ 1,073	\$ 1,115	\$ 1,159	\$ 1,204	\$ 1,251
52002415 COUNTY SERVICES (INCL COWCAP )	2	\$ 3,442	\$ 3,577	\$ 3,718	\$ 3,864	\$ 4,015	\$ 4,173
52002419 REAL ESTATE SERVICES -SVC CHGS	2	\$ 3,096	\$ 3,218	\$ 3,344	\$ 3,476	\$ 3,612	\$ 3,754
52002445 OTHER PROFESSIONAL & SPEC SVCS	2	\$ 103,200	\$ 107,256	\$ 111,471	\$ 115,852	\$ 120,405	\$ 125,137
52002448 COUNTY COUNSEL SERVICES	3	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
52002458 PERMIT COSTS	2	\$ 5,676	\$ 5,899	\$ 6,131	\$ 6,372	\$ 6,622	\$ 6,883
52002660 PENALTIES	2	\$ 52	\$ 54	\$ 56	\$ 58	\$ 60	\$ 63
52002835 GENERAL HOUSEHOLD EXPENSES	2	\$ 258	\$ 268	\$ 279	\$ 290	\$ 301	\$ 313
52002855 GENERAL MAINTENANCE-EQUIPMENT	2	\$ 1,032	\$ 1,073	\$ 1,115	\$ 1,159	\$ 1,204	\$ 1,251
52002870 GEN MAINT-STRUCT,IMP & GROUNDS	2	\$ 1,238	\$ 1,287	\$ 1,338	\$ 1,390	\$ 1,445	\$ 1,502
52002925 VEHICLE CHARGES (ISF ONLY)	2	\$ 206	\$ 215	\$ 223	\$ 232	\$ 241	\$ 250
52002930 MAINTENANCE CHARGES (ISF ONLY)	2	\$ 36,120	\$ 37,540	\$ 39,015	\$ 40,548	\$ 42,142	\$ 43,798
52002952 MATERIALS DISPOSAL - OUTSIDE V	2	\$ 3,096	\$ 3,218	\$ 3,344	\$ 3,476	\$ 3,612	\$ 3,754
<b>200-Services &amp; Supplies-General</b>		<b>\$ 1,868,077</b>	<b>\$ 1,941,265</b>	<b>\$ 2,017,325</b>	<b>\$ 2,096,368</b>	<b>\$ 2,178,513</b>	<b>\$ 2,263,880</b>
54404045 HEAVY EQUIPMENT	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>400-Capital Outlay- Equipment</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
55305030 OPERATING TRANSFERS OUT	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>530-Other Financ Uses-Operating Trsf Out</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
55405010 SALARIES & BENE TRANSFERS OUT	3	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
55405012 SERV & SUPPLY TRANSFERS OUT	2	\$ 52,000	\$ 54,044	\$ 56,168	\$ 58,375	\$ 60,669	\$ 63,053
55405018 INTERNAL COST ALLOCA OUT	2	\$ 1,126,118	\$ 1,170,375	\$ 1,216,371	\$ 1,264,174	\$ 1,313,856	\$ 1,365,491
<b>540-Intra Entity Reimbursement Out</b>		<b>\$ 1,478,118</b>	<b>\$ 1,524,418</b>	<b>\$ 1,572,538</b>	<b>\$ 1,622,549</b>	<b>\$ 1,674,525</b>	<b>\$ 1,728,544</b>
<b>Subtotal - Operating Expenses</b>		<b>\$ 3,346,196</b>	<b>\$ 3,465,684</b>	<b>\$ 3,589,863</b>	<b>\$ 3,718,917</b>	<b>\$ 3,853,038</b>	<b>\$ 3,992,424</b>

<b>GRAND TOTAL: SEWER EXPENSES</b>		<b>\$ 3,346,196</b>	<b>\$ 3,465,684</b>	<b>\$ 3,589,863</b>	<b>\$ 3,718,917</b>	<b>\$ 3,853,038</b>	<b>\$ 3,992,424</b>
------------------------------------	--	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------

1. Revenue and expenses for FY 2024/25 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 7

TABLE 6 : FORECASTING ASSUMPTIONS

INFLATION FACTORS <sup>1</sup>	Basis	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Customer Growth <sup>2</sup>	1	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
General Cost Inflation <sup>3</sup>	2	3.20%	3.93%	3.93%	3.93%	3.93%	3.93%
Labor Cost Inflation <sup>4</sup>	3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest on Investments <sup>5</sup>	4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Electricity <sup>6</sup>	5	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
No Escalation	6	0.00%	5.24%	5.24%	5.24%	5.24%	5.24%

- Expenses are inflated each year by the following annual inflation factor categories.
- Customer growth is based on the population projections provided by the County.
- General cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Bernardino-Riverside-Ontario, CA area.
- Labor cost inflation is provided by County.
- Interest rate inflation provided by the County.
- Electricity cost inflation is based on the 5-year average change in the Consumer Price Index for Electricity for the San Bernardino-Riverside-Ontario, CA area.

TABLE 7 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Projected	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Funding Sources:</b>						
Grants						
Use of Capacity Fee Reserves	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-
Use of Future Revenue Bond Proceeds	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	426,420	267,806	110,872	114,752	118,769	122,926
Rate Revenue	-	-	-	-	-	-
<b>Total Sources of Capital Funds</b>	<b>\$ 426,420</b>	<b>\$ 267,806</b>	<b>\$ 110,872</b>	<b>\$ 114,752</b>	<b>\$ 118,769</b>	<b>\$ 122,926</b>
<b>Uses of Capital Funds:</b>						
Total Project Costs	\$ 426,420	\$ 267,806	\$ 110,872	\$ 114,752	\$ 118,769	\$ 122,926
<b>Capital Funding Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>SFR Loan Funding</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Future Revenue Bond Proceeds</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

Policy Choice		FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
1	Alternative 1 - Full Funding of CIP	\$ 426,420	\$ 267,806	\$ 110,872	\$ 114,752	\$ 118,769	\$ 122,926
2	Alternative 2 - 75% Funding of CIP	319,815	200,855	83,154	86,064	89,076	92,194
3	Alternative 3 - 50% Funding of CIP	213,210	133,903	55,436	57,376	59,384	61,463

1	← Select CIP Funding Option
---	-----------------------------

Capital Improvement Program Funding Choice	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Effective Annual Funding Amount	\$ 426,420	\$ 267,806	\$ 110,872	\$ 114,752	\$ 118,769	\$ 122,926

CAPITAL IMPROVEMENT PROGRAM

TABLE 8 : CAPITAL IMPROVEMENT PROGRAM COSTS

Project Description	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Capital Projects<sup>1</sup></b>						
Lakeview Lift Station Renovation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Line Replacement	412,000	-	-	-	-	-
Capital Outlay	-	250,000	-	-	-	-
<b>Subtotal - Capital Projects</b>	<b>\$ 412,000</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Estimated Future Projects</b>						
Future Projects <sup>4</sup>	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Total: Capital Improvement Program Costs (Current-Year Dollars)</b>	<b>\$ 412,000</b>	<b>\$ 250,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

TABLE 9 : CAPITAL IMPROVEMENT PROGRAM COSTS

Project Description	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Capital Projects<sup>1</sup></b>						
Lakeview Lift Station Renovation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Line Replacement	426,420	-	-	-	-	-
Capital Outlay	-	267,806	-	-	-	-
Future Projects <sup>4</sup>	\$ -	\$ -	\$ 110,872	\$ 114,752	\$ 118,769	\$ 122,926
<b>Total: Capital Improvement Program Costs (Future-Year Dollars)</b>	<b>\$ 426,420</b>	<b>\$ 267,806</b>	<b>\$ 110,872</b>	<b>\$ 114,752</b>	<b>\$ 118,769</b>	<b>\$ 122,926</b>

TABLE 10 : FORECASTING ASSUMPTIONS

Economic Variables	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Annual Construction Cost Inflation, Per Engineering News Record <sup>6</sup>	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Cumulative Construction Cost Multiplier from FY 2023/24	1.04	1.07	1.11	1.15	1.19	1.23

1. Source file: 2023-24 Preliminary Budget Worksheet.xlsx .

4. Estimated future expenditures are the average of the previous 10 years.

5. Capital improvement projects are inflated to future year estimated costs with ENR CCI for the region. Source: Engineering News Record website (<http://enr.construction.com>).

6. For reference purposes, the annual Construction Cost Inflation percentage is the 10-year average annual change in the Construction Cost Index for 2013-2023 (3.5%).

**TABLE 11 : EXISTING DEBT OBLIGATIONS**

EXISTING DEBT OBLIGATIONS	Projected	5-Year Projected Rate Period				
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Annual Repayment Schedules:						
<i>N/A</i>						
Principal Payment						
Interest Payment	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Coverage Requirement</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Debt Reserve Target</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**TABLE 12 : EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY SEWER RATES**

Annual Obligations	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<i>Existing Annual Debt Service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Existing Annual Coverage Requirement</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Existing Debt Reserve Target</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 13 : CURRENT SEWER RATE SCHEDULE

Sewer Rate Schedule <sup>1</sup>	Current Rates
<b>Monthly Fixed Service Charge Per EDU</b>	
<u>All Customers</u>	<u>Per Dwelling Unit</u>
All Customers	\$50.89

TABLE 14 : PROPOSED SEWER RATES

<b>NET REVENUE REQUIREMENTS (100% FIXED / 0% VARIABLE)</b>				
<b>Customer Class</b>	<b>Number of Billing Units</b>	<b>Net Revenue Requirement</b>	<b>Estimated Fixed Revenue</b>	<b>Monthly Fixed Charge Per Unit</b>
All Customers	4,605	\$ 2,886,965	\$ 2,886,965	\$ 52.24
<b>Total</b>	<b>4,605</b>	<b>\$ 2,886,965</b>	<b>\$ 2,886,965</b>	

TABLE 15 : CURRENT VS. PROPOSED SEWER RATES

Sewer Rate Schedule	Current Rates	Proposed Sewer Rates				
		FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
<b>Monthly Fixed Service Charge Per EDU</b>						
All Customers		<u>Per Dwelling Unit</u>				
All Customers	\$50.89	\$52.24	\$53.63	\$55.06	\$56.52	\$58.03