



**WEST VALLEY WATER DISTRICT
855 W. BASE LINE ROAD, RIALTO, CA 92376
PH: (909) 875-1804
WWW.WVWD.ORG**

**REGULAR BOARD MEETING
AGENDA**

Thursday, December 4, 2025, 6:00 PM

BOARD OF DIRECTORS

**Kelvin Moore, President
Angela Garcia, Vice President
Estevan Bennett, Director
Daniel Jenkins, Director
Gregory Young, Director**

"In order to comply with legal requirements for posting of agendas, only those items filed with the Board Secretary's office by noon, on Wednesday a week prior to the following Thursday meeting, not requiring departmental investigation, will be considered by the Board of Directors."

Members of the public may attend the meeting in person at 855 W. Base Line Road, Rialto, CA 92376, or you may join the meeting using Zoom by clicking this link: <https://us02web.zoom.us/j/8402937790>. Public comment may be submitted via Zoom, by telephone by calling the following number and access code: Dial: (888) 475-4499, Access Code: 840-293-7790, or via email to administration@wvwd.org.

If you require additional assistance, please contact administration@wvwd.org.

CALL TO ORDER

ROLL CALL OF BOARD MEMBERS

APPROVAL OF ANY BOARD MEMBERS REQUESTS FOR REMOTE PARTICIPATION

PLEDGE OF ALLEGIANCE

OPENING PRAYER

CLOSED SESSION

1. PUBLIC EMPLOYMENT

Government Code Section 54957

Title: Board Secretary

ADOPT AGENDA

PUBLIC PARTICIPATION

Any person wishing to speak to the Board of Directors on matters listed or not listed on the agenda, within its jurisdiction, is asked to complete a Speaker Card and submit it to the Board Secretary, if you are attending in person. For anyone joining on Zoom, please wait for the Board President's instruction to indicate that you would like to speak. Each speaker is limited to three (3) minutes. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. Comments related to noticed Public Hearing(s) and Business Matters will be heard during the occurrence of the item.

Public communication is the time for anyone to address the Board on any agenda item or anything under the jurisdiction of the District. Also, please remember that no disruptions from the crowd will be tolerated. If someone disrupts the meeting, they will be removed.

PRESENTATIONS

None.

CONSENT CALENDAR

1. Change Order No. 1 with General Pump Company for the Baseline Feeder North Well Rehabilitation Project **Pg. 5**

BUSINESS MATTERS

Consideration Of:

1. Conduct a Public Hearing and Consider Adoption of a Resolution of the Board of Directors of the West Valley Water District Increasing Water Service Rates and Charges, Finding the Adoption of Such Rates and Charges are Exempt from CEQA Requirements, and Taking Other Actions Related Thereto **Pg. 15**
2. Proposed New Position - Geographic Information System Technician **Pg. 79**

REPORTS

1. Board Committee Reports
2. Board Members

3. General Manager
4. Legal Counsel
5. Public Outreach Government Affairs
6. Board Secretary

UPCOMING MEETINGS

- December 8, 2025 - Finance at 5:00 p.m.
- December 9, 2025 - Engineering, Operations and Planning at 6:00 p.m.
- December 10, 2025 - Human Resources at 6:00 p.m.
- December 11, 2025 - Policy Review and Oversight at 6:00 p.m. Human Resources at 5:00 p.m.
- December 18, 2025 - Regular Board Meeting at 6:00 p.m.
- December 22, 2025 - External Affairs at 12:00 p.m.

UPCOMING COMMUNITY EVENTS

- December 13, 2025 - City of Fontana, Winter Wonderlands

UPCOMING EDUCATIONAL & TRAINING OPPORTUNITIES

- January 26, 2026 - CMUA 2026 Annual Capitol Day
- February 11, 2026 - ACWA 2026 Legislative Symposium
- February 24-26, 2026 - ACWA DC

ADJOURN

Please Note:

Material related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 855 W. Baseline, Rialto, during normal business hours. Also, such documents are available on the District's website at www.wvwd.org subject to staff's ability to post the documents before the meeting.

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in the above-agendized public meeting should be directed to the Board Secretary, Paola Lara, at least 72 hours in advance of the meeting to ensure availability of the requested service or accommodation. Ms. Lara may be contacted by telephone at (909) 875-1804 ext. 702, or in writing at the West Valley Water District, P.O. Box 920, Rialto, CA 92377-0920.

DECLARATION OF POSTING:

I declare under penalty of perjury, that I am employed by the West Valley Water District and posted the foregoing Agenda at the District Offices on November 25, 2025.

Paola Lara

Paola Lara, Acting Board Secretary



STAFF REPORT

DATE: December 4, 2025

TO: Board of Directors

FROM: Joanne Chan, Director of Operations

SUBJECT: Change Order No. 1 with General Pump Company for the Baseline Feeder North Well Rehabilitation Project

STRATEGIC GOAL:

Strategic Goal 1 - Manage and Deliver a Safe, Reliable, and Sustainable Water Supply.

D. Fortify a Resilient Water Supply

MEETING HISTORY:

N/A

BACKGROUND:

Beginning in 1998, the West Valley Water District (District) began receiving water through the Baseline Feeder (BLF) pipeline. This pipeline and its associated facilities were constructed through a joint venture with the City of Rialto (Rialto) and the San Bernardino Valley Municipal Water District (Valley District). Riverside Highland Water Company (RHWC) also participated in the project and maintains rights to the water as a standby source.

The two BLF groundwater wells, located within the East Complex at 1811 9th Street in San Bernardino, have a combined pumping capacity of 7.2 million gallons per day and deliver water directly into the BLF for distribution to the District, Rialto, and RHWC.

On September 18, 2025, the Board awarded a contract to General Pump Company (GPC) for the Baseline Feeder North Well Rehabilitation Project in the amount of \$230,217.16. The project scope included repairing the pump, adding an additional 20 feet to the pump column, and removing mineral buildup from the well casing.

Following initial rehabilitation activities, including a post-rehabilitation video survey and an additional brush-and-bail, the well perforations were still observed to be clogged. Based on the recommendations of Geoscience and GPC, further treatment is required. The recommended approach includes chemical treatment with acid and surge blocking to remove carbonate scale and biofilm, followed by twelve hours of contact time for each chemistry, and concluding with a swab and airlift to clear loosened materials. Attached as **Exhibit A** is the post-rehabilitation video survey.

DISCUSSION:

On January 29, 2024, a Request for Proposals (RFP) for as-needed well maintenance and repair services was issued and publicly advertised on PlanetBids. Five firms—GPC, Well Tec Services (WTS), Best Drilling and Pump, Inc. (BDP), South West Pump & Drilling, Inc. (SPD), and Layne Christensen Company (LCC)—submitted proposals. The District awarded the contract to GPC, and the agreement was executed on April 4, 2024.

GPC currently has possession of the entire well pump assembly and motor. GPC has prepared a change order quote totaling \$98,651.00 for the additional recommended work. Staff has reviewed the quote and determined the pricing to be fair and reasonable.

The member agencies have also reviewed the proposed change order and are unanimously in support of having GPC complete the work in order to expedite repairs and return the North Well to full production as quickly as possible. Attached as **Exhibit B** is the change order proposal.

FISCAL IMPACT:

Funding for the change order in the amount of \$98,651.00 is available in the Fiscal Year 2025/26 Capital Budget contingency for Project No. W26028. A portion of this project cost will be reimbursed by member agencies in accordance with the Baseline Feeder Agreement.

REQUESTED ACTION:

Approve Change Order No. 1 with General Pump Company in the amount of \$98,651.00, increasing the total contract amount to \$328,868.16 for the Baseline Feeder North Well Rehabilitation Project.

Attachments

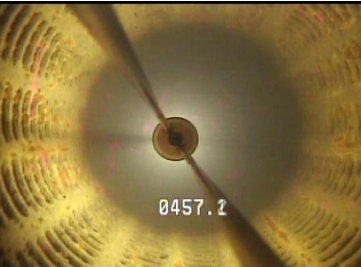
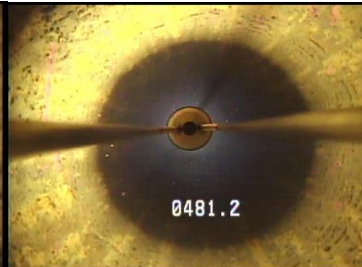
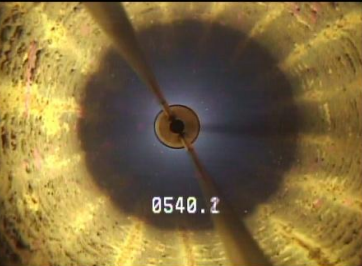
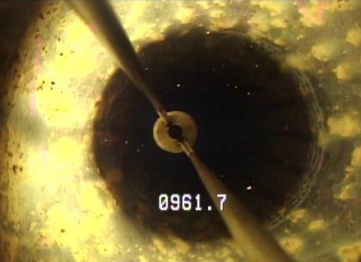
[Exhibit A - Post-Rehabilitation Video Survey.pdf](#)

[Exhibit B -Change Order Proposal.pdf](#)

EXHIBIT A

Video Survey Report

Date:	24-Oct-25		
Run No.	Two	Truck	PS-6
Job Ticket:	34194		
Total Depth:	987.8 ft		
Water Level:	374.5 ft	SWL	
Oil on Water:	No	Amount:	N/A
Operator:	Conner		
		Dead Space	1.75 ft
Guides Set	17 in		

 0437.5	 0457.2	 0457.2	 0481.2
 0540.2	 0748.9	 0846.1	 0881.1
 0927.7	 0961.7	 0975.8	 0982.9

COMPANY NAME: General Pump Company, Inc.
WELL INSPECTED: North Well
FIELD NAME: San Bernardino
STATE: California
WELL ADDRESS: 1811 West 9th.
GPS LOCATION: N34o6'55"
 W117o19'36"

DATE: 11/17/2025
RUN NO: One
JOB TICKET: 251117
TOTAL DEPTH: 988.3 ft.
WATER LEVEL: 371.9 ft.
OIL ON WATER: None **AMT:** 0%
OPERATOR: C.Nelson
GUIDE SET: 17.5 in
CHRIS NELSON @ (909) 809-9815

DEPTH	OBSERVATIONS		
0.0 ft.	Start survey at top of casing.	PERFORATION	FROM SURVEY
371.9ft	SWL; water clear, visibility ok.	Ful-Flo Louvers	444.6 ft. to 493.2 ft.
439.1ft	Top of sounding port. End is at 441.1 ft.		503.4 ft. to 985.9 ft.
444.6ft	Top of louvers; soft material on lips. End is at 493.2 ft.		
503.4ft	Top of louvers; material on lips. End is at 985.9 ft.		
575.0ft	Soft material build-up on lips of louvers.		
650.0ft	Louvers appear to have small opening.		
700.0ft	New soft bio-fouling on casing wall.	CASING SIZE	FROM SURVEY
755.0ft	Material on lips of louvers.	20.00 in	0.0 ft. to 988.3 ft.
800.0ft	Louvers appear fairly open.		
850.0ft	Light bio-fouling on casing.		
901.0ft	All louvers appear normal.		
940.0ft	Louvers appear open.		
988.3ft	Fill; end survey.		

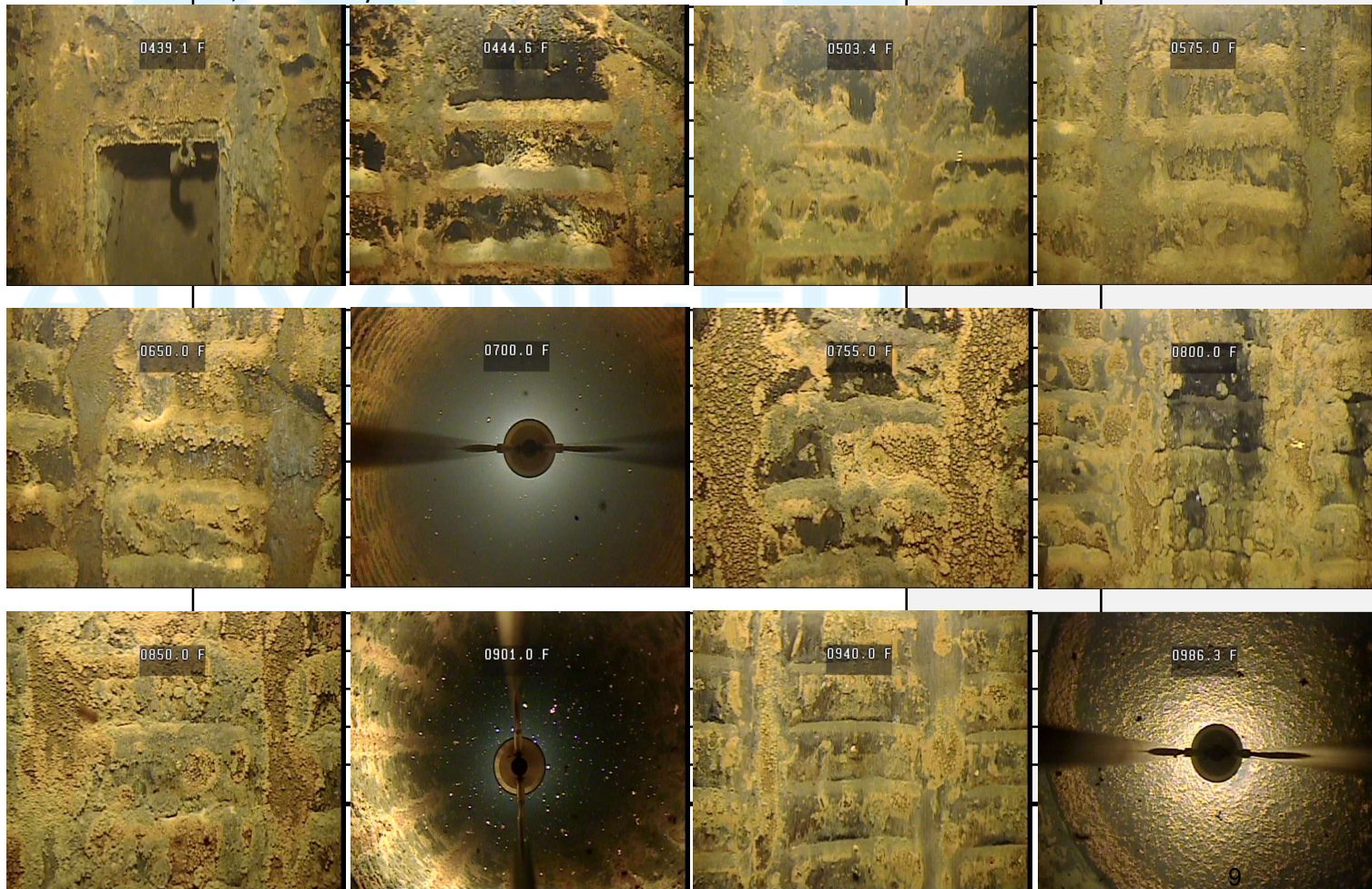


EXHIBIT B



159 N. ACACIA STREET * SAN DIMAS, CA 91773
PHONE: (909) 599-9606 * FAX: (909) 599-6238

CAMARILLO, CA 93010 * PHONE: (805) 482-1215
www.genpump.com

WELL & PUMP SERVICE SINCE 1952

Lic. #496765

Serving Southern California and Central Coast

November 20, 2025

Job #16579

West Valley Water District
855 W Baseline Rd
Rialto, California 92337
Attn: John Martin

Subject: East Complex-North Well Chemical Treatment –

General Pump Company is pleased to provide our quote to mix and inject an NSF pre-blend of hydrochloric acid (Pipe and Well Renew) with inhibitor. The treated area and chemical volume is based on the current water level and well diameter using industry standards and in compliance with the manufactures' recommendations. Please allow two weeks to obtain materials after approval.

Note: All labor rates per On-call well maintenance agreement:

Cost Proposal

Shop Labor

- Prep rig, chemical trailer, and compressor for rehab work.
- Modify 10' swab with new rubber discs
- Load pipe, tooling, & chemical barrels, prep for transport.
- Load transfer pump and hoses.
- Unload empties and all other equipment when project is complete.

Est. 24 Hrs. @ \$110/Hr. \$2,640.00

Materials

- | | | |
|--|-----------------|-------------|
| • Pipe and Well Renew Pre-Blended Chemistry including Inhibitor. | \$29,610.00 | |
| • Safety Equipment, PPE | 840.00 | |
| • Estimated inbound freight | 1,790.00 | |
| • Sales Tax 8.75% | <u>2,821.00</u> | \$35,061.00 |



Rental Equipment

- Dual swab tool
- Trash pump, hoses, fittings, trimmy pipe
- Chemical trailer
- 375 CFM compressor (Includes pickup/delivery/fuel)
- Roll off bin and Frac tank (Includes delivery/pick up, analytical, clean out and proper disposal)

\$14,740.00

Outside Service

- Post well rehab down hole video survey

\$1,200.00

Field Labor

Chemical Treatment & Dual Swab Airlift

- Mobilize to site. Conduct Brief Tailgate Safety Meeting
- Confirm lock out-tag out of energy source
- Set up rig and lower 10' dual swab to top of perforations.
- Mix (6) six total batches of (18 Barrels) of Well Renew with Inhibitor
- Inject chemistry and swab through (27) -20' zones.
- Let set overnight to achieve contact time
- Dual swab and airlift material and chems from each 20' zone.
- Capture water in settling tanks and follow Best Practices and requirements for discharge including neutralizing and blending as needed.
- Pull dual swab and pipe from well.
- Sound well, bail bottom as needed
- Prep well for final video log.
- Clean & secure site and demobilize.

2-Man Crew, Pump Rig, and Flatbed Truck –\$375.00/Hr.

Rotary Crane and one man \$220.00/Hr.

Est. 70 Hrs. \$595/Hr. \$41,650.00

Est. OT 42 Hrs. @ \$80 per man/per Hr. 3,360.00

Est Total Field Labor- \$45,010.00

Estimated Grand Total \$98,651.00



John Martin
West Valley WD
November 20, 2025
Page -2-

Should you have any questions or need additional information regarding the above summary and associated costs, please do not hesitate to contact us. Thank you for the opportunity to provide a quote for our services and we look forward to working with you on this important project.

Thank you.

GENERAL PUMP COMPANY, INC.

Tom Nanchy

Tom Nanchy
Sr. Project Manager



STAFF REPORT

DATE: December 4, 2025

TO: Board of Directors

FROM: Jose Velasquez, Chief Financial Officer

SUBJECT: Conduct a Public Hearing and Consider Adoption of a Resolution of the Board of Directors of the West Valley Water District Increasing Water Service Rates and Charges, Finding the Adoption of Such Rates and Charges are Exempt from CEQA Requirements, and Taking Other Actions Related Thereto

CEQA FINDINGS:

Resolution No. 2025-12 provides for the adjustment of current water service rates and charges for the District's service area (the "Charges"). The Charges allow the District to meet the District's financial requirements and obtain funds for capital projects, which are necessary to maintain service within the District's existing water service area as described herein. The need to meet the District's financial requirements and obtain funds for capital projects, to be funded by the Charges, will not expand the District's water system. The adoption of the Charges is necessary and reasonable to meet the District's financial requirements and obtain funds for capital projects. Based on these findings, the adoption of the Charges is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines.

STRATEGIC GOAL:

Strategic Goal 6 – Demonstrate Effective Financial Stewardship

C. Prioritize Long-Term Financial Stability

MEETING HISTORY:

7/31/25 – Special Meeting Rate Study Workshop;

10/02/25 – Board Meeting to Initiate Proceedings to Increase the Charges; and

BACKGROUND:

The District's current Charges have not been reviewed since 2012, with the last adjustment occurring in 2014. Increases are necessary to address rising operations and maintenance costs, escalating material and labor expenses, and to provide funding for essential capital infrastructure investments.

In accordance with California Constitution, article XIII D, section 6 (“Proposition 218”), prior to adopting any new or increased fees or charges, including water rates, the District must provide written notice of the proposed adjustments to all affected property owners and customers. The District must conduct a public hearing and determine if there is a majority protest to the proposed Charges. A majority protest is reached when a majority of the parcels subject to the Charges files written protests opposing the Charges. If, at the close of the public hearing, a majority protest has been reached and not withdrawn, the Board of Directors of the District (the “Board”) may not impose the Charges. If a majority protest has not been reached, the Board may consider adopting the resolution to impose the Charges.

In addition, pursuant to Assembly Bill 2257 (“AB 2257”), the District has adopted the exhaustion of administrative remedies procedure outlined in Government Code, sections 53759.1 and 53759.2, which allows ratepayers to submit written legal objections regarding the proposed Charges prior to the deadline established in the public hearing notice as part of the rate making process.

The District has provided notice of the public hearing in compliance with Proposition 218 to be held this evening December 4, 2025, to consider and take action on the proposed Charges, as well as to receive and address any legal objections.

DISCUSSION:

To evaluate and determine if increases to the Charges are necessary, the District engaged Raftelis Financial Consultants (“Raftelis”) to conduct a cost of service rate study (the “Study”). On July 31, 2025, at a publicly noticed workshop, Raftelis presented preliminary results of the District’s Study. At the meeting, the Board provided direction to staff to proceed with the Study and Proposition 218 proceeding to increase the Charges. Based on the financial projections, Raftelis recommends a five-year rate adjustment, effective January 1, 2026, and adjusted each January 1 thereafter, through and including January 1, 2030 to ensure the District generates sufficient revenues to fund operation and maintenance expenses, meet debt service obligations, support capital improvement projects, and maintain long-term financial stability.

The recommended Charges are designed to ensure compliance with Proposition 218 by aligning water rates with the cost of providing service, while also preserving the District’s ability to continue delivering high-quality and reliable water to its customers. The proposed rate structure is the same for all customer classes and consists of two components: (1) a monthly fixed service charge (the “Fixed Service Charges”) and (2) variable volumetric water commodity charges (“Water Commodity Charges”) (collectively, these are the “Charges”). The Fixed Service Charges are fixed monthly charges established on the basis of the size of the meter serving the property and are calculated to recover the District’s fixed costs of customer billing and operating and maintaining the reliability of the water system. The Water Commodity Charges are variable charges imposed per unit of water delivered during a billing period with one unit equal to one hundred cubic feet, or 748 gallons, and consists of three tiers which impose higher rates as the level of consumption increases to reflect incremental costs of providing water service.

In addition to the Charges for providing water service, the District also imposes a monthly fixed private fire line service fee (“Fire Service Charges”) to certain properties equipped with such private fire lines. The Fire Service Charges are fixed monthly charges established on the basis of the size of the service line serving the property and are calculated to recover the District’s fixed costs of customer billing and capacity demand placed on the water system.

Based on the Study, the Charges do not exceed the costs of providing water service to District customers. Rather, the Charges are required to meet the increased costs of providing water service. The full list of the proposed Charges are set forth in the attached resolution. The following is an example of the monthly bill impacts for residential customers based on two scenarios of monthly water usage and meter size. The rates applied below are based on rates proposed to be effective January 1, 2026:

Customer Description	Existing Bill	FY 2026 Bill	\$ Difference	% Difference
Single Family Residential, 5/8" or 3/4" Meter Average Monthly Consumption – 17 HCF	\$59.61	\$64.90	\$5.29	8.9%
Single Family Residential, 5/8" or 3/4" Meter Average Summer Consumption – 21 HCF	\$68.81	\$75.06	\$6.25	9.1%
Single Family Residential, 1" Meter Average Monthly Consumption – 17 HCF	\$70.47	\$74.15	\$3.68	5.2%
Single Family Residential, 1" Meter Average Summer Consumption – 21 HCF	\$79.67	\$84.31	\$4.64	5.8%

AB 2257

AB 2257 was codified under Government Code, sections 53759.1 and 53759.2 and provides an administrative remedy for ratepayers that wish to address a legal issue with the proposed Charges. AB 2257 provides ratepayers with a procedure for alleging noncompliance with the provisions of Proposition 218 for any new, increased, or extended fee via a timely submitted written objection to that fee that specifies the grounds for alleging noncompliance.

By implementing this procedure, the District is able to address any potential legal issues prior to adoption of the Charges. Failure of a ratepayer to submit a timely valid legal objection prohibits them from any future judicial action or proceeding to review, invalidate, challenge, set aside, rescind, void, or annul the Charges for failure to comply with Proposition 218. This procedure also provides a framework for the administrative record that will be used in the event of such a proceeding.

The District has complied with the requirements of AB 2257 to establish an administrative remedy for ratepayers. The notice of public hearing included all necessary information regarding this procedure including instructions on how to submit a formal written legal objection. Ratepayers had an opportunity to submit legal objections regarding the District's proposed Charges to the District's attention prior to the deadline established in the public hearing notice.

No valid written legal objections were filed with the District as of the posting of this agenda.

FISCAL IMPACT:

If approved by the Board, the proposed Charges will generate sufficient revenue to cover the District's cost of providing water service in compliance with Proposition 218, while supporting the District's long-term financial stability.

REQUESTED ACTION:

1. Conduct the public hearing to consider all written protests and objections against the proposed increases in the rates for water service in accordance with California Constitution, article XIII D, section 6(a) and;
2. If there is no majority protest, approve Resolution No. 2025-12 making certain findings under CEQA and approving such rates for water service and;
3. Adopt Ordinance No. 91 amending Article 21 "Schedule of Rates" and taking other actions relating thereto.

Attachments

[Exhibit A - Resolution No. 2025-12 RE Water Rate Adoption.pdf](#)

[Exhibit B - Ordinance No. 91 Amending Article 21 Schedule of Rates.pdf](#)

[Exhibit C - Comprehensive Cost of Service Rate Structure Report.pdf](#)

EXHIBIT A

RESOLUTION NO. 2025-12

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST VALLEY WATER DISTRICT ADOPTING INCREASES TO WATER SERVICE RATES AND CHARGES, FINDING THE ADOPTION OF SUCH RATES AND CHARGES EXEMPT FROM CEQA REQUIREMENTS, AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, the West Valley Water District (the “District”) is authorized, pursuant to California Water Code, sections 31001 and 31007, to fix, prescribe, revise and collect rates and other charges and fees for furnishing water services; and

WHEREAS, the District retained Raftelis Financial Consultants, an independent rate consultant, to conduct a water rate study, entitled the “Comprehensive Cost of Service Rate Structure Study”, dated September 23, 2025 (hereinafter the “Study”), the analysis and conclusions of which are incorporated herein by this reference; and

WHEREAS, the Study, determined that it is necessary to adopt new water rates for the District’s water service charges to: (1) keep pace with the rising cost of inflation enabling the District to meet its revenue requirements; (2) ensure revenue stability; and (3) provide adequate funding for capital improvements; and

WHEREAS, the proposed rate structure does not vary by customer class and consists of three components: (1) monthly fixed service charge (the “Fixed Service Charges”); (2) variable volumetric water commodity charges (“Water Commodity Charges”); and (3) limited to properties that have a private fire line, a monthly fixed private fire line service charges (“Fire Service Charges”) (collectively, the “Charges”); and

WHEREAS, the Fixed Service Charges are fixed monthly charges established on the basis of the size of the meter serving the property and are calculated to recover the District’s fixed costs of customer billing and operating and maintaining the reliability of the water system; and

WHEREAS, the Fire Service Charges are fixed monthly charges established on the basis of the size of the service line serving the property and are calculated to recover the District’s fixed costs of customer billing and capacity demand placed on the water system; and

WHEREAS, the Water Commodity Charges are variable charges imposed per unit of potable water delivered during a billing period with one unit equal to one hundred cubic feet (“HCF”), or 748 gallons, and consists of three tiers which impose higher rates as the level of consumption increases to reflect incremental costs of providing water service; and

WHEREAS, the proposed Charges will take effect and apply to water service on and after January 1, 2026, and will be adjusted each January 1 thereafter, through and including January 1, 2030, based on the schedule in Exhibit “A” and attached hereto; and

WHEREAS, the Charges are subject to Article XIII D, section 6 of the California Constitution (“Article XIII D”), which creates certain procedural and substantive requirements for the imposition of any new or increase in any existing property-related fees and charges, and

meets these requirements as set forth below; and

WHEREAS, the revenues derived from the proposed Charges will not exceed the funds required to provide the services and shall be used exclusively for the operation and maintenance of the water system; and

WHEREAS, the amount of the proposed Charges will not exceed the proportional cost of the services attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed Charges will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, Article XIII D requires that prior to imposing any new Charges, the District shall provide written notice (the “Notice”) by mail of the proposed Charges to the record owner of each parcel upon which the Charges are proposed for imposition and any tenant directly liable for payment of the Charges, the amount of the Charges proposed to be imposed on each parcel, the basis upon which the Charges were calculated, the reason for the Charges, and the date time and location of a public hearing (the “Hearing”) on the proposed Charges; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the Charges not less than forty-five days prior to the Hearing on the proposed Charges; and

WHEREAS, the District did provide such Notice to the affected property owners and tenants in compliance with Article XIII D; and

WHEREAS, pursuant to Government Code section 53759.1, the District adopted the exhaustion of administrative remedies procedure, which requires ratepayers to bring an objection regarding the proposed Charges to the District’s attention prior to 5:00 PM on November 26, 2025, and the District provided responses to any valid legal objections prior to opening the Hearing; and

WHEREAS, the Board of Directors of the District (“Board”) determined to open the Hearing, and the Hearing was held on this day, December 4, 2025; and

WHEREAS, at the Hearing, the Board considered all written materials and written protests to the proposed Charges received prior to the close of the Hearing, and heard oral testimony concerning the imposition of the proposed Charges, and at the close of the Hearing the District determined that it did not receive written protests against the establishment and imposition of the proposed Charges from a majority of the affected property owners or tenants directly liable for the payment of such Charges; and

WHEREAS, the Board now desires to establish and impose the Charges as set forth in Exhibit “A.”

NOW, THEREFORE, the Board of Directors of the West Valley Water District **DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER** as follows:

Section 1. The recitals set forth above are made findings of this Board and are

incorporated herein and made an operative part of this Resolution.

Section 2. The Board hereby adopts the Charges at the rates, in the amounts, and on the effective dates set forth in Exhibit “A.” To the extent any Charges established by this Resolution are inconsistent with water service fees and charges previously adopted; it is the explicit intention of the Board that the Charges adopted pursuant to this Resolution shall prevail.

Section 3. The Board finds that the need to meet the District's financial requirements and obtain funds for capital projects, to be funded by the Charges, is necessary to maintain service within the District's existing water service area as described herein. The Board further finds that the need to meet the District's financial requirements and obtain funds for capital projects, to be funded by the Charges will not expand the District's water system. The Board further finds that the adoption of the Charges is necessary and reasonable to meet the District's financial requirements and obtain funds for capital projects. Based on these findings, the Board determines that the adoption of the Charges is exempt from the requirements of the California Environmental Quality Act (“CEQA”) pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District offices, 855 W. Base Line Rd, Rialto, California 92376. The custodian for these records is the Board Secretary of the District. The Board hereby directs District staff to file a Notice of Exemption within five business days of the adoption of this Resolution.

Section 4. If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid. This Resolution shall supersede any previously approved conflicting resolution, ordinance, or action, to the extent of such conflict.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED THIS 4th DAY OF DECEMBER, 2025.

BOARD OF DIRECTORS

KELVIN MOORE
President of the Board of Directors

ATTEST:

PAOLA LARA
Acting Board Secretary

CERTIFICATION

I, Paola Lara, Acting Board Secretary of the West Valley Water District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the West Valley Water District at a regular meeting held on _____, by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:
ABSTAIN:	BOARD MEMBERS:

Dated _____, 2025

PAOLA LARA
Acting Board Secretary
West Valley Water District

EXHIBIT "A"

WATER RATES AND CHARGES

Monthly Fixed Service Charges

Line	Meter Size	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	5/8"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
2	3/4"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
3	1"	\$33.07	\$33.07	\$35.55	\$38.22	\$41.08	\$44.16
4	1 1/2"	\$48.77	\$56.21	\$60.42	\$64.95	\$69.83	\$75.06
5	2"	\$67.18	\$83.97	\$90.27	\$97.04	\$104.32	\$112.14
6	3"	\$97.52	\$171.89	\$184.78	\$198.64	\$213.54	\$229.55
7	4"	\$128.56	\$287.57	\$309.14	\$332.33	\$357.25	\$384.05
8	6"	\$195.02	\$588.35	\$632.48	\$679.91	\$730.91	\$785.72
9	8"	\$261.48	\$842.85	\$906.07	\$974.02	\$1,047.07	\$1,125.61

Monthly Private Fire Service Charges

Line	Connection Size	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	5/8"	\$10.54	\$10.09	\$10.85	\$11.66	\$12.53	\$13.47
2	3/4"	\$10.54	\$10.18	\$10.95	\$11.77	\$12.65	\$13.60
3	1"	\$10.54	\$10.47	\$11.25	\$12.10	\$13.00	\$13.98
4	1 1/2"	\$15.81	\$11.49	\$12.35	\$13.28	\$14.27	\$15.34
5	2"	\$21.08	\$13.25	\$14.24	\$15.31	\$16.46	\$17.69
6	3"	\$31.62	\$19.56	\$21.02	\$22.60	\$24.30	\$26.12
7	4"	\$42.16	\$30.44	\$32.73	\$35.18	\$37.82	\$40.66
8	6"	\$63.24	\$69.51	\$74.73	\$80.33	\$86.36	\$92.83
9	8"	\$84.32	\$136.90	\$147.17	\$158.21	\$170.07	\$182.83
10	10"	\$105.40	\$238.27	\$256.14	\$275.35	\$296.00	\$318.20

Monthly Water Commodity Charges (\$/HCF)

Line	Consumption Tier	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	Existing Tiers						
2	Tier 1 (0 - 10 HCF)	\$2.13					
3	Tier 2 (11 - 50 HCF)	\$2.30					
4	Tier 3 (> 50 HCF)	\$2.53					
5							
6	New Tiers						
7	Tier 1 (0 - 10 HCF)		\$2.33	\$2.50	\$2.69	\$2.89	\$3.11
8	Tier 2 (11 - 30 HCF)		\$2.54	\$2.73	\$2.93	\$3.15	\$3.39
9	Tier 3 (> 30 HCF)		\$2.73	\$2.93	\$3.15	\$3.39	\$3.65

EXHIBIT B

ORDINANCE NO. 91

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE WEST VALLEY WATER DISTRICT AMENDING ARTICLE 21, “SCHEDULE OF RATES” AND TAKING OTHER ACTIONS RELATING THERETO

WHEREAS, the Board of Directors (“Board”) of the West Valley Water District (“District”) imposes various fees and charges relating to the provision of water service; and

WHEREAS, the District has recently conducted a public hearing in compliance with California Constitution, article XIII D, section 6 and adopted Resolution No. 2025-12 imposing increases to the monthly rates and charges for water service (the “Charges”) effective January 1, 2026, and will be adjusted each January 1 thereafter, through and including January 1, 2030; and

WHEREAS, the Board now desires to adopt this Ordinance in order to amend its Water Service Rules and Regulations to reflect the increased Charges for water service, as set forth in Exhibit “A” hereto.

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE WEST VALLEY WATER DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. RECITALS.

The recitals set forth above are true and correct, and by this reference incorporated herein.

SECTION 2. AMENDMENT OF WATER SERVICE RULES AND REGULATIONS.

Exhibit “D” of the District’s Water Service Rules and Regulations is amended and replaced in its entirety as set forth in Exhibit “A” hereto.

SECTION 3. FUTURE AMENDMENTS TO WATER SERVICE RULES AND REGULATIONS

The Board may make future amendments to Exhibit “D” of the District’s Water Service Rules and Regulations by duly adopted resolution of the Board.

SECTION 4. PUBLICATION

The President of the Board of Directors shall sign this Ordinance and the Secretary of the Board of Directors shall attest thereto, and this Ordinance shall be in full force and effect immediately upon adoption. Within 15 days after adoption of this Ordinance, a summary of this Ordinance shall be published with the names of the Directors voting for and against this Ordinance and a certified copy of the full text of this Ordinance, along with the names of those Directors voting for and against this Ordinance, shall be posted in the District offices.

SECTION 5. EFFECTIVENESS

This Ordinance shall take effect immediately upon adoption.

SECTION 6. CONTROLLING EFFECT

This Ordinance shall supersede all previously adopted conflicting resolutions, ordinances, or motions of the Board, to the extent of such conflict.

SECTION 7. SEVERABILITY

If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

PASSED, APPROVED, AND ADOPTED THIS 4th DAY OF DECEMBER, 2025.

BOARD OF DIRECTORS

KELVIN MOORE

President of the Board of Directors

ATTEST:

PAOLA LARA

Acting Board Secretary

CERTIFICATION

I, Paola Lara, Acting Board Secretary of the West Valley Water District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the West Valley Water District at a regular meeting held on _____, by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:
ABSTAIN:	BOARD MEMBERS:

Dated _____, 2025

PAOLA LARA
Acting Board Secretary
West Valley Water District

EXHIBIT “A”

WATER RATES AND CHARGES

Monthly Fixed Service Charges

Line	Meter Size	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	5/8"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
2	3/4"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
3	1"	\$33.07	\$33.07	\$35.55	\$38.22	\$41.08	\$44.16
4	1 1/2"	\$48.77	\$56.21	\$60.42	\$64.95	\$69.83	\$75.06
5	2"	\$67.18	\$83.97	\$90.27	\$97.04	\$104.32	\$112.14
6	3"	\$97.52	\$171.89	\$184.78	\$198.64	\$213.54	\$229.55
7	4"	\$128.56	\$287.57	\$309.14	\$332.33	\$357.25	\$384.05
8	6"	\$195.02	\$588.35	\$632.48	\$679.91	\$730.91	\$785.72
9	8"	\$261.48	\$842.85	\$906.07	\$974.02	\$1,047.07	\$1,125.61

Monthly Private Fire Service Charges

Line	Connection Size	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	5/8"	\$10.54	\$10.09	\$10.85	\$11.66	\$12.53	\$13.47
2	3/4"	\$10.54	\$10.18	\$10.95	\$11.77	\$12.65	\$13.60
3	1"	\$10.54	\$10.47	\$11.25	\$12.10	\$13.00	\$13.98
4	1 1/2"	\$15.81	\$11.49	\$12.35	\$13.28	\$14.27	\$15.34
5	2"	\$21.08	\$13.25	\$14.24	\$15.31	\$16.46	\$17.69
6	3"	\$31.62	\$19.56	\$21.02	\$22.60	\$24.30	\$26.12
7	4"	\$42.16	\$30.44	\$32.73	\$35.18	\$37.82	\$40.66
8	6"	\$63.24	\$69.51	\$74.73	\$80.33	\$86.36	\$92.83
9	8"	\$84.32	\$136.90	\$147.17	\$158.21	\$170.07	\$182.83
10	10"	\$105.40	\$238.27	\$256.14	\$275.35	\$296.00	\$318.20

Monthly Water Commodity Charges (\$/HCF)

Line	Consumption Tier	Current	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029	January 1, 2030
1	Existing Tiers						
2	Tier 1 (0 - 10 HCF)	\$2.13					
3	Tier 2 (11 - 50 HCF)	\$2.30					
4	Tier 3 (> 50 HCF)	\$2.53					
5							
6	New Tiers						
7	Tier 1 (0 - 10 HCF)		\$2.33	\$2.50	\$2.69	\$2.89	\$3.11
8	Tier 2 (11 - 30 HCF)		\$2.54	\$2.73	\$2.93	\$3.15	\$3.39
9	Tier 3 (> 30 HCF)		\$2.73	\$2.93	\$3.15	\$3.39	\$3.65

EXHIBIT C

WEST VALLEY WATER DISTRICT

**Comprehensive Cost of Service
Rate Structure Study**

REPORT / SEPTEMBER 23, 2025



September 23, 2025

Jose Velasquez
Chief Financial Officer
West Valley Water District
855 W. Base Line Road
Rialto, CA, 92377

Subject: Comprehensive Cost of Service Rate Structure Study

Dear Mr. Velasquez:

Raftelis is pleased to submit this report for the Comprehensive Cost of Service Rate Structure Study for West Valley Water District (District). The report presents the analyses and methodologies used to calculate a proposed schedule of water rate increases for the period FY 2026 – FY 2030. The objectives of the study included:

- **Financial Planning:** Development of a 10-year financial plan and associated revenue requirement forecast that is sufficient to successfully fund the District's operational needs, capital improvement expenditures, target cash reserves, and target debt service coverage requirements.
- **Cost of Service:** The completion of an agency-specific cost of service analysis, using industry-standard methodologies applied to District-specific data and circumstances, that identifies the variable and fixed costs incurred to serve the District's customers based on the proportional demands they impose on the water system.
- **Rate Structure:** A comprehensive assessment of the effectiveness of the District's current water rate structure in light of current costs of service and the consideration of alternative rate structures.
- **5-Year Projection of Rate Increases:** A projection of proposed annual water rate increases for the period FY 2026 – FY 2030 developed in compliance with Proposition 218.

It was a pleasure working with you and your team, and we wish to express our gratitude for the support you and other District staff provided during the study.

Sincerely,

John Wright
Senior Manager

Ellyse Ritchie
Senior Consultant

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Contents

1. Executive Summary	10
1.1. Study Background	10
1.2. Current Rates	10
1.3. Process and Approach	11
1.4. Results and Recommendations	12
1.5. Proposed Total System Rate Revenue Increases	12
1.6. Proposed Rates and Charges	12
1.7. Single Family Residential Customer Bill Impacts	13
1.8. Water and Sewer Rates for Largest Users	14
2. Financial Planning	15
2.1. Projected Customer Accounts and Meters	15
2.2. Projected Billed Water Consumption	15
2.3. Projected Revenues at Existing Rates	18
2.4. Projected Non-Rate Revenues	18
2.5. Expense Inflation Factors	19
2.6. Projected Operating Expenses	20
2.7. Projected Capital Improvement Expenditures	20
2.8. Projected Debt Service	21
2.9. Financial Policies	21
2.10. Status Quo Financial Plan	21
2.11. Recommended Financial Plan	22
2.12. Projected Revenue Requirement from Rates	26
3. Cost of Service Analysis	28
3.1. Process and Approach	28
3.2. FY 2026 Revenue Requirement	28
3.3. System Demand Ratios	29
3.4. Revenue Requirement Functionalization	31
3.5. Allocation to Cost Causation Components	31
3.6. Meter Equivalencies	34
3.7. Private Fire Line and Public Hydrant Equivalencies	34
3.8. Summary Units of Service	35

3.9. Unit Cost of Service	35
3.10. Summary Cost of Service for Rate Components.....	36
4. Proposed Rates and Charges.....	39
4.1. Monthly Service Charges	39
4.2. Monthly Private Fire Line Charges	39
4.3. Usage Rates – Recommended Change in Consumption Thresholds	40
4.4. Usage Rates – \$/HCF Source of Supply Costs.....	40
4.5. Usage Rates – \$/HCF Electric Power Costs	41
4.6. Usage Rates – \$/HCF Base Demand Costs	41
4.7. Usage Rates – \$/HCF Maximum Day Demand Costs.....	42
4.8. Usage Rates – \$/HCF Maximum Hour Demand Costs	42
4.9. Usage Rates – \$/HCF Summary Calculation	43
4.10. Proposed FY 2026 – FY 2030 Rates	45
4.11. FY 2026 Single Family Residential Bill Impacts	46

Tables

Table 1-1: Current Monthly Service Charges (\$/meter size).....	10
Table 1-2: Current Usage Rates (\$/HCF).....	11
Table 1-3: Current Private Fire Line Charges.....	11
Table 1-4: Proposed Total System Rate Revenue Increases	12
Table 1-5: Proposed Monthly Fixed Charges (\$/meter size).....	13
Table 1-6: Proposed Usage Rates (\$/HCF).....	13
Table 1-7: Estimated Bill Impacts Under Proposed FY 2026 Rates.....	14
Table 2-1: Projected FY 2026 – FY 2030 Customer Accounts and Meters.....	16
Table 2-2: Projected FY 2026 – FY 2030 Billed Water Consumption (HCF).....	17
Table 2-3: Projected FY 2026 – FY 2030 Revenues at Existing Rates.....	18
Table 2-4: Projected FY 2026 – FY 2030 Non-Rate Revenues	19
Table 2-5: Projected FY 2026 – FY 2030 Expense Inflation Factors	20
Table 2-6: Projected FY 2026 – FY 2030 Operating Expenses	20
Table 2-7: Projected FY 2026 – FY 2030 Capital Improvement Expenditures	21
Table 2-8: Projected FY 2026 – FY 2030 Debt Service Expenditures	21
Table 2-9: FY 2026 – FY 2030 Status Quo Financial Plan (Not Recommended)	23
Table 2-10: FY 2026 – FY 2030 Recommended Financial Plan (Note 1)	24
Table 2-11: Projected FY 2026 – FY 2030 Annual Revenue Requirement from Rates.....	27
Table 3-1: FY 2026 Revenue Requirement by Operating and Capital Component.....	29
Table 3-2: System Demand Factors.....	30
Table 3-3: System Demand Ratios Used in Cost Allocations	30
Table 3-4: Capital Cost Functionalization Allocation.....	31
Table 3-5: Allocation of FY 2026 Operating Expenses to Cost Causation Components	32
Table 3-6: Allocation of FY 2026 Capital Costs to Cost Causation Components	33
Table 3-7: Allocation of FY 2026 Non-Rate Revenue Offsets to Cost Causation Components.....	33
Table 3-8: Meter Flow Equivalencies	34
Table 3-9: Private Fire Line and Public Hydrant Equivalent 6" Connections.....	35
Table 3-10: Allocation of Fire Flows	35
Table 3-11: Summary of FY 2026 Total System Units of Service	37
Table 3-12: Calculated FY 2026 Unit Cost of Service	37
Table 3-13: Summary of FY 2026 Cost of Service for Rate Components.....	38
Table 4-1: Proposed FY 2026 Monthly Service Charge.....	39
Table 4-2: Proposed FY 2026 Monthly Private Fire Line Charge.....	39
Table 4-3: Recommended Usage Rate Consumption Thresholds.....	40

Table 4-4: FY 2026 Source of Supply Unit Cost of Service (\$/HCF).....	41
Table 4-5: FY 2026 \$/HCF Electric Powe Cost Unit Cost of Service	41
Table 4-6: FY 2026 \$/HCF Base Demand Costs.....	42
Table 4-7: FY 2026 \$/HCF Maximum Day Demand Costs	42
Table 4-8: FY 2026 \$/HCF Maximum Day Demand Costs	43
Table 4-9: Summary Calculation of Proposed FY 2026 Usage Rates (\$/HCF).....	44
Table 4-10: Proposed FY 2026 – FY 2030 Usage Rates (\$/HCF)	45
Table 4-11: Proposed FY 2026 – FY 2030 Monthly Service Charges.....	45
Table 4-12: Proposed FY 2026 – FY 2030 Monthly Private Fire Line Charges.....	45
Table 4-13: Estimated Bill Impacts Under Proposed FY 2026 Rates.....	46

Figures

Figure 2-1: FY 2026 – FY 2030 Projected Financial Plan..... 25

Figure 2-2: FY 2026 – FY 2030 Projected Ending Operating and Capital Cash Reserves..... 25

Figure 2-3: FY 2026 – FY 2030 Projected Debt Service Coverage 26

Figure 2-4: FY 2026 – FY 2030 Projected Capital Improvement Expenditures..... 26

Appendices

Appendix A: 10-Year Financial Plan for the Period FY 2026 – FY 2035

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1. Executive Summary

1.1. Study Background

In January 2023, the West Valley Water District (District) retained the services of Raftelis to complete a Comprehensive Cost of Service and Rate Structure Study. The objectives of the study included:

- **Financial Planning**: Development of a 10-year financial plan and associated revenue requirement forecast that is sufficient to successfully fund the District's operational needs, capital improvement expenditures, target cash reserves, and target debt service coverage requirements.
- **Cost of Service**: The completion of an agency-specific cost of service analysis, using industry-standard methodologies applied to District-specific data and circumstances, that identifies the variable and fixed costs incurred to serve the District's customers based on the proportional demands they impose on the water system.
- **Rate Structure**: A comprehensive assessment of the effectiveness of the District's current water rate structure in light of current costs of service and the consideration of alternative rate structures.
- **5-Year Projection of Rate Increases**: A projection of proposed annual water rate increases for the period FY 2026 – FY 2030 developed in compliance with Proposition 218.

This Executive Summary outlines the proposed financial plans and resulting rates and contains a description of the rate study process, methodology, and recommendations for the District's rates.

1.2. Current Rates

The District's current rates include a monthly service charge based on meter size and tiered usage rates billed on a per hundred cubic feet (HCF) basis for all customers. Table 1-1 shows current monthly service charges, and Table 1-2 shows the tiered usage rates.

Table 1-1: Current Monthly Service Charges (\$/meter size)

Line	A Meter Size	B Fixed Monthly Charge
1	5/8"	\$22.21
2	3/4"	\$22.21
3	1"	\$33.07
4	1 1/2"	\$48.77
5	2"	\$67.18
6	3"	\$97.52
7	4"	\$128.56
8	6"	\$195.02
9	8"	\$261.48

Table 1-2: Current Usage Rates (\$/HCF)

	A	B	C
Line	Customer Class	Tier Thresholds (HCF)	Flow Charges per HCF
1	All Customers		
2	Tier 1	0 - 10	\$2.13
3	Tier 2	11 - 50	\$2.30
4	Tier 3	> 50	\$2.53

The District also delivers water to building sprinkler systems and other private fire suppression infrastructure through private fire lines. Rates for private fire lines are charged based on the size of the private fire line connection as shown in Table 1-3.

Table 1-3: Current Private Fire Line Charges

	A	B
Line	Private Fire Line Size	Fixed Monthly Charge
1	5/8" and 3/4"	\$10.54
2	1"	\$10.54
3	1 1/2"	\$15.81
4	2"	\$21.08
5	3"	\$31.62
6	4"	\$42.16
7	6"	\$63.24
8	8"	\$84.32
9	10"	\$105.40
10	12"	\$126.48

1.3. Process and Approach

During the study, Raftelis met with District staff to discuss various assumptions, inputs, and scenario analyses that were utilized to determine the financial plans presented to the District's Board of Directors. The financial plan was based on the 10-year period from fiscal year (FY) 2026¹ to FY 2035. The tables in the body of this report focus on the 5-year period FY 2026 - FY 2030. Appendix A shows the projected financial plan for the full 10-year period FY 2026 - FY 2035. The proposed rates were developed for implementation on January 1, 2026, with increases scheduled for each January 1st thereafter through and including January 1, 2030.

The cost of service analysis followed the guidelines for allocating costs as outlined in the American Water Works Association (AWWA) publication, *Manual of Water Supply Practices M1, Principles of Water Rates, Fees, and Charges*, 6th edition (AWWA M1 Manual), as adjusted to meet the particular circumstances of the District's water system and customer base. Key steps in the cost of service analysis included:

1. Determination of the revenue requirement, which equals the amount of revenue necessary to cover the costs of the water system.
2. Assignment of operating expenses and capital costs into functional categories such as supply, distribution, treatment, storage, pumping, transmission, etc.
3. Allocation of the functionalized costs into the appropriate cost causation components such as supply, base demand, peak demands, meters, and customer service.
4. Development of customer units of service for each cost causation component.
5. Calculation of the unit cost of service for each cost causation component.
6. Calculation of the cost of service for monthly fixed charges and usage rates.
7. Development of proposed rates to recover the cost of service and meet the District's objectives.

¹ FY 2025 is the period from July 1, 2025, to June 30, 2026.

1.4. Results and Recommendations

Raftelis worked closely with District staff to define the results and recommendations of the Comprehensive Cost of Service and Rate Structure Study. The recommendations presented in this report include:

1. Raftelis recommends that total system rate revenues be increased by 7.5% each year during the period FY 2026 through FY 2030. Projected rate revenue increases from FY 2031 - FY 2035 are 4.5% annually. Actual customer bills may be higher or lower than 7.5% depending on each customer's unique demand characteristics.
2. The District plans to spend approximately \$168.9 million (inflation adjusted) on capital projects during the period of FY 2025 - FY 2030. This includes a planned expenditure of \$70 million for a new headquarters building. The new headquarters building will be partially funded using \$50.8 million in external debt financing which will provide \$50 million in net debt proceeds. Projected inflation adjusted capital project expenditures for the period FY 2031 - FY 2035 are \$73.5 million.
3. Raftelis recommends the District continue to use a 3-tier volumetric rate structure that applies to all customer types. However, for reasons discussed later in this report, we recommend that the Tier 2 consumption threshold be modified from 11 – 50 HCF to 11 – 30 HCF. This modification will change the Tier 3 consumption threshold from greater than 50 HCF to greater than 30 HCF.

1.5. Proposed Total System Rate Revenue Increases

Table 1-4 shows the annual increase percentage increase in rate revenues for the period FY 2026 – FY 2030, recommended as an outcome of the financial planning process. The actual increase in the water bills of individual customers will not necessarily match the percentages shown in Table 1-4. Actual water bill increases will depend on the unique water consumption characteristics and the meter size of each customer. Appendix A shows the full 10-year financial plan for the period FY 2026 – FY 2035.

Table 1-4: Proposed Total System Rate Revenue Increases

Line	A Description	B FY 2026	C FY 2027	D FY 2028	E FY 2029	F FY 2030
1	Effective Date	January 1	January 1	January 1	January 1	January 1
2	Percentage Increase	7.5%	7.5%	7.5%	7.5%	7.5%

1.6. Proposed Rates and Charges

Table 1-5 shows the proposed monthly service charges and the proposed monthly private fire line charges for the period FY 2026 – FY 2030. The proposed FY 2026 charges (Column C) were determined as part of the cost of service analysis. The proposed charges for FY 2027 - FY 2030 (Columns D - G) reflect the annual total system revenue increases projected as part of the financial planning process (7.5% each year).

Table 1-5: Proposed Monthly Fixed Charges (\$/meter size)

	A	B	C	D	E	F	G
Line	Monthly Service Charge (\$/Meter Size)	Existing	January FY 2026	January FY 2027	January FY 2028	January FY 2029	January FY 2030
1	5/8"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
2	3/4"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
3	1"	\$33.07	\$33.07	\$35.55	\$38.22	\$41.08	\$44.16
4	1 1/2"	\$48.77	\$56.21	\$60.42	\$64.95	\$69.83	\$75.06
5	2"	\$67.18	\$83.97	\$90.27	\$97.04	\$104.32	\$112.14
6	3"	\$97.52	\$171.89	\$184.78	\$198.64	\$213.54	\$229.55
7	4"	\$128.56	\$287.57	\$309.14	\$332.33	\$357.25	\$384.05
8	6"	\$195.02	\$588.35	\$632.48	\$679.91	\$730.91	\$785.72
9	8"	\$261.48	\$842.85	\$906.07	\$974.02	\$1,047.07	\$1,125.61
10	Monthly Private Fire Line (\$/Line Size)	Existing	January FY 2026	January FY 2027	January FY 2028	January FY 2029	January FY 2030
11	5/8"	\$10.54	\$10.09	\$10.85	\$11.66	\$12.53	\$13.47
12	3/4"	\$10.54	\$10.18	\$10.95	\$11.77	\$12.65	\$13.60
13	1"	\$10.54	\$10.47	\$11.25	\$12.10	\$13.00	\$13.98
14	1 1/2"	\$15.81	\$11.49	\$12.35	\$13.28	\$14.27	\$15.34
15	2"	\$21.08	\$13.25	\$14.24	\$15.31	\$16.46	\$17.69
16	3"	\$31.62	\$19.56	\$21.02	\$22.60	\$24.30	\$26.12
17	4"	\$42.16	\$30.44	\$32.73	\$35.18	\$37.82	\$40.66
18	6"	\$63.24	\$69.51	\$74.73	\$80.33	\$86.36	\$92.83
19	8"	\$84.32	\$136.90	\$147.17	\$158.21	\$170.07	\$182.83
20	10"	\$105.40	\$238.27	\$256.14	\$275.35	\$296.00	\$318.20
21	12"	\$126.48	\$378.76	\$407.16	\$437.70	\$470.53	\$505.82

Table 1-6 shows proposed \$/HCF usage rates for the period FY 2026 – FY 2030. These usage rates are applicable to all customers, regardless of their specific land use type. The proposed FY 2026 usage rates (Column D) were determined as part of the cost of service analysis. The proposed rates for FY 2027 - FY 2030 (Columns E - H) reflect the annual total system revenue increases projected as part of the financial planning process (7.5% each year).

Table 1-6: Proposed Usage Rates (\$/HCF)

	A	B	C	D	E	F	G	H
Line	Usage Rates (\$/HCF)	Existing Consumption Tiers (HCF)	Existing	January FY 2026	January FY 2027	January FY 2028	January FY 2029	January FY 2030
1	Tier 1	0 – 10	\$2.13	----	----	----	----	----
2	Tier 2	11 – 50	\$2.30	----	----	----	----	----
3	Tier 3	> 50	\$2.53	----	----	----	----	----
4	Usage Rates (\$/HCF)	Proposed Consumption Tiers (HCF)	Existing	January FY 2026	January FY 2027	January FY 2028	January FY 2029	January FY 2030
5	Tier 1	0 – 10	----	\$2.33	\$2.50	\$2.69	\$2.89	\$3.11
6	Tier 2	11 – 30	----	\$2.54	\$2.73	\$2.93	\$3.15	\$3.39
7	Tier 3	> 30	----	\$2.73	\$2.93	\$3.15	\$3.39	\$3.65

1.7. Single Family Residential Customer Bill Impacts

Table 1-7 shows the estimated FY 2026 bill impacts for Single Family Residential customer from the proposed FY 2026 monthly fixed charges and \$/HCF usage rates. The average monthly consumption for Single Family Residential customers is 17 HCF. The average summer consumption for Single Family Residential customers is 21 HCF.

Table 1-7: Estimated Bill Impacts Under Proposed FY 2026 Rates

	A	B	D	E	F
Line	Customer Description	Existing Bill	FY 2026 Bill	\$ Difference	% Difference
1	Single Family Residential, 5/8" or 3/4" Meter Average Monthly Consumption – 17 HCF	\$59.61	\$64.90	\$5.29	8.9%
2	Single Family Residential, 5/8" or 3/4" Meter Average Summer Consumption – 21 HCF	\$68.81	\$75.06	\$6.25	9.1%
5	Single Family Residential, 1" Meter Average Monthly Consumption – 17 HCF	\$70.47	\$74.15	\$3.68	5.2%
6	Single Family Residential, 1" Meter Average Summer Consumption – 21 HCF	\$79.67	\$84.31	\$4.64	5.8%

1.8. Water and Sewer Rates for Largest Users

Assembly Bill 755 (AB 755) passed in 2023 and is codified in Water Code, §§ 390 & 390.1. AB 755 require the identification of the costs to serve the largest 10 percent of the users in the District. Proposition 218 requires rates that allocate costs of service proportionately, not special rates for the top 10% of consumers, regardless of other factors.

In FY 2025, the District had 24,478 potable water accounts; the top 10% of users represent 2,448 accounts and 29.2% of total potable water use. These large users are primarily industrial and commercial customers. Based on the analysis completed, data and information provided by the client, the resulting rates are an efficient and fair way to allocate water utility costs among those who create those costs, consistent with Proposition 218.

2. Financial Planning

This section of the report discusses the results of the two primary financial planning scenarios developed as part of the Comprehensive Cost of Service and Rate Structure Study.

- **Status Quo Financial Planning Scenario:** The status quo scenario begins with a projection of future inflation adjusted operating expenses and capital improvement costs but assumes there are no future rate revenue increases and no external debt financing. The status quo scenario quantifies the “funding gap” which is the difference between projected rate revenue and projected costs.
- **Recommended Financial Planning Scenario:** The recommended scenario also develops a projection of future inflation adjusted operating expenses and capital improvement costs. However, it then determines the optimal combination of increased rate revenues and external debt financing to pay for these costs in a manner that maintains District revenue adequacy and financial sufficiency. In effect, the recommended financial scenario determines the optimal funding strategy to bridge the funding gap.

2.1. Projected Customer Accounts and Meters

Table 2-1 shows the projected number of customer accounts by class and meter size. Actual customer account and meter data for FY 2024 and FY 2025 were provided by the District. The projections shown for FY 2026 – FY 2030 were developed in consultation with District staff based on an analysis of projected growth by customer type and meter size during each year of the FY 2026 – FY 2030 planning horizon. The District does not charge customer class specific rates. The information on projected account growth by customer types shown in Lines 1-10 in Table 2-1 was provided solely for informational purposes.

2.2. Projected Billed Water Consumption

Table 2-2 shows the projected billed water consumption by customer type. The District does not charge customer class specific rates. The information on projected billed consumption by customer type shown in Table 2-2 was provided solely for informational purposes. Water demand, expressed on a per capita or average consumption per account basis, is expected to decrease at an annual rate of 0.5% (one half of one percent) during the period FY 2026 – FY 2035.

Actual billed consumption data for FY 2024 and FY 2025 was provided by the District. The projections for FY 2026 – FY 2030 were developed in consultation with District staff based on the projected customer account and usage growth. Note that the projections shown in Table 2-2 reflect the District’s existing Tier 2 consumption threshold (11 – 50 HCF) and the existing Tier 3 consumption threshold of greater than 50 HCF. These consumption thresholds were used to calculate usage rate revenues at existing rates (Table 2-3).

Table 2-1: Projected FY 2026 – FY 2030 Customer Accounts and Meters

Line	A	B	C	D	E	F	G
	Customer Class	Estimated FY 2025	Projected				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Accounts						
2	Single Family Residential	22,873	23,821	24,172	24,388	24,723	25,067
3	Multi-Family Residential	187	186	186	186	195	200
4	Commercial	581	604	623	642	658	674
5	Industrial	73	198	198	198	203	209
6	Institutional	99	5	5	5	5	6
7	Landscape Irrigation	544	520	556	591	607	624
8	Private Fire Line Service	419	420	420	420	433	446
9	Hydrant Service	<u>121</u>	<u>121</u>	<u>121</u>	<u>121</u>	<u>125</u>	<u>128</u>
10	Total Accounts	24,897	25,875	26,281	26,551	26,949	27,354
11							
12	Total Connections by Meter Size <i>(Excluding Private Fire Lines)</i>						
13	5/8"	3,005	2,985	2,985	2,985	2,985	2,985
14	3/4"	10,417	10,452	10,454	10,456	10,456	10,456
15	1"	9,859	10,981	11,349	11,582	11,929	12,287
16	1 1/2"	190	325	336	346	356	367
17	2"	401	506	529	552	569	586
18	3"	293	137	139	141	145	150
19	4"	280	56	56	56	57	59
20	6"	19	9	9	9	12	12
21	8"	14	4	4	4	6	6
22	10"	0	0	0	0	0	0
23	12"	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
24	Total	24,478	25,455	25,861	26,131	26,516	26,908
25							
26	Private Fire Line Service						
27	5/8"	5	8	8	8	8	8
28	3/4"	0	0	0	0	0	0
29	1"	0	0	0	0	0	0
30	1 1/2"	1	1	1	1	1	1
31	2"	1	1	1	1	1	1
32	3"	0	0	0	0	0	0
33	4"	32	31	31	31	32	33
34	6"	94	93	93	93	96	99
35	8"	133	132	132	132	136	140
36	10"	143	144	144	144	148	153
37	12"	11	10	10	10	10	11
38	Total	419	420	420	420	433	446
39							
40	Total	24,897	25,875	26,281	26,551	26,949	27,354
41	Annual Percentage Change	----	3.9%	1.6%	1.0%	1.5%	1.5%

Table 2-2: Projected FY 2026 – FY 2030 Billed Water Consumption (HCF)

Line	A	B	C	D	E	F	G
	Customer Class	Estimated FY 2025	FY 2026	FY 2027	Projected FY 2028	FY 2029	FY 2030
1	Single Family						
2	Tier 1 (0 – 10 HCF)	2,235,391	2,235,391	2,290,941	2,347,871	2,406,215	2,466,010
3	Tier 2 (11 – 50 HCF)	2,661,545	2,661,545	2,727,684	2,795,467	2,864,935	2,936,128
4	Tier 3 (> 50HCF)	<u>255,792</u>	<u>255,792</u>	<u>262,148</u>	<u>268,662</u>	<u>275,339</u>	<u>282,181</u>
5	Total	5,152,728	5,152,728	5,280,773	5,412,001	5,546,489	5,684,319
6							
7	Multi-Family						
8	Tier 1 (0 – 10 HCF)	21,943	21,943	22,489	23,047	23,620	24,207
9	Tier 2 (11 – 50 HCF)	52,591	52,591	53,898	55,237	56,610	58,017
10	Tier 3 (> 50 HCF)	<u>156,805</u>	<u>156,805</u>	<u>160,702</u>	<u>164,696</u>	<u>168,788</u>	<u>172,983</u>
11	Total	231,340	231,340	237,089	242,980	249,019	255,207
12							
13	Commercial						
14	Tier 1 (0 – 10 HCF)	47,830	47,830	49,018	50,236	51,485	52,764
15	Tier 2 (11 – 50 HCF)	116,803	116,803	119,706	122,680	125,729	128,853
16	Tier 3 (> 50 HCF)	<u>648,737</u>	<u>648,737</u>	<u>664,858</u>	<u>681,380</u>	<u>698,312</u>	<u>715,665</u>
17	Total	813,370	813,370	833,582	854,297	875,526	897,283
18							
19	Industrial						
20	Tier 1 (0 – 10 HCF)	5,251	5,251	5,382	5,516	5,653	5,793
21	Tier 2 (11 – 50 HCF)	15,053	15,053	15,427	15,811	16,204	16,606
22	Tier 3 (> 50 HCF)	<u>194,051</u>	<u>194,051</u>	<u>198,873</u>	<u>203,815</u>	<u>208,880</u>	<u>214,070</u>
23	Total	214,355	214,355	219,682	225,141	230,736	236,470
24							
25	Institutional						
26	Tier 1 (0 – 10 HCF)	9,074	9,074	9,300	9,531	9,768	10,010
27	Tier 2 (11 – 50 HCF)	30,268	30,268	31,020	31,791	32,581	33,390
28	Tier 3 (> 50 HCF)	<u>336,303</u>	<u>336,303</u>	<u>344,660</u>	<u>353,225</u>	<u>362,003</u>	<u>370,999</u>
29	Total	375,645	375,645	384,980	394,547	404,351	414,399
30							
31	Landscape Irrigation						
32	Tier 1 (0 – 10 HCF)	49,507	49,507	50,737	51,998	53,290	54,614
33	Tier 2 (11 – 50 HCF)	158,634	158,634	162,576	166,616	170,757	175,000
34	Tier 3 (> 50 HCF)	<u>946,104</u>	<u>946,104</u>	<u>969,615</u>	<u>993,710</u>	<u>1,018,403</u>	<u>1,043,711</u>
35	Total	1,154,245	1,154,245	1,182,928	1,212,324	1,242,450	1,273,325
36							
37	Private Fire Line Service						
38	Tier 1 (0 – 10 HCF)	2,933	2,933	3,006	3,081	3,157	3,236
39	Tier 2 (11 – 50 HCF)	0	0	0	0	0	0
40	Tier 3 (> 50 HCF)	0	0	0	0	0	0
41	Total	2,933	2,933	3,006	3,081	3,157	3,236
42							
43	Hydrant Service						
44	Tier 1 (0 – 10 HCF)	153,900	153,900	157,724	161,644	165,661	169,777
45	Tier 2 (11 – 50 HCF)	0	0	0	0	0	0
46	Tier 3 (> 50 HCF)	0	0	0	0	0	0
47	Total	153,900	153,900	157,724	161,644	165,661	169,777
48							
49	Total	8,098,516	8,098,516	8,299,764	8,506,014	8,717,388	8,934,015
50	Annual Percentage Change	----	2.5%	2.5%	2.5%	2.5%	0.0%

2.3. Projected Revenues at Existing Rates

Table 2-3 shows projected revenues at existing rates during the period FY 2026 – FY 2030. The District does not charge customer class specific rates. The projection of revenues at existing rates shown in Table 2-3 is presented by customer types solely for informational purposes. The monthly fixed charges shown in Lines 1-10 are based on the projection of customer accounts presented in Table 2-1. The projected revenue from usage rates shown in Lines 12-21 are based on the projection of billed consumption presented in Table 2-2. The projection of revenues at existing rates is compared to projected inflation adjusted expenditures as part of the financial planning process to determine the projected funding gap (i.e., the difference between revenues at existing rates and projected inflation adjusted expenditures).

Table 2-3: Projected FY 2026 – FY 2030 Revenues at Existing Rates

	A	B	C	D	E	F	G
		Estimated	Projected				
Line	Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Monthly Fixed Charges						
2	Single-Family	\$7,569,591	\$7,737,100	\$7,877,164	\$7,963,655	\$8,096,719	\$8,233,774
3	Multi-Family	\$115,834	\$118,398	\$118,398	\$118,398	\$132,433	\$135,605
4	Commercial	\$367,342	\$375,471	\$389,168	\$402,864	\$414,054	\$425,580
5	Industrial	\$125,809	\$128,593	\$128,593	\$128,593	\$132,259	\$136,035
6	Institutional	\$2,167	\$2,215	\$2,240	\$2,265	\$2,315	\$2,367
7	Landscape Irrigation	\$299,159	\$305,779	\$325,616	\$345,453	\$355,400	\$365,647
8	Private Fire Line Service	\$207,227	\$211,813	\$211,813	\$211,813	\$218,167	\$224,712
9	Hydrant Service	<u>\$146,696</u>	<u>\$149,942</u>	<u>\$149,942</u>	<u>\$149,942</u>	<u>\$154,440</u>	<u>\$159,074</u>
10	Total	\$8,833,825	\$9,029,310	\$9,202,932	\$9,322,982	\$9,505,788	\$9,682,794
11							
12	Revenue from Usage Rates						
13	Single-Family	\$11,181,894	\$11,530,090	\$11,816,613	\$12,110,256	\$12,411,195	\$12,719,614
14	Multi-Family	\$547,372	\$564,417	\$578,443	\$592,817	\$607,548	\$622,646
15	Commercial	\$1,951,075	\$2,011,829	\$2,061,823	\$2,113,060	\$2,165,569	\$2,219,384
16	Industrial	\$520,547	\$536,756	\$550,094	\$563,764	\$577,774	\$592,131
17	Institutional	\$1,367,115	\$1,409,686	\$1,444,717	\$1,480,618	\$1,517,411	\$1,555,119
18	Landscape Irrigation	\$2,777,463	\$2,863,951	\$2,935,120	\$3,008,058	\$3,082,808	\$3,159,416
19	Private Fire Line Service	\$302,931	\$312,365	\$320,127	\$328,082	\$336,235	\$344,590
20	Hydrant Service	<u>\$411,937</u>	<u>\$424,764</u>	<u>\$435,319</u>	<u>\$446,137</u>	<u>\$457,224</u>	<u>\$468,586</u>
21	Total	\$19,060,334	\$19,653,858	\$20,142,257	\$20,642,792	\$21,155,765	\$21,681,486
22							
23	Total	\$27,894,159	\$28,683,169	\$29,345,189	\$29,965,773	\$30,661,553	\$31,364,280

2.4. Projected Non-Rate Revenues

Table 2-4 shows projected non-rate revenues during the period FY 2026 – 2030 which was developed in consultation with District staff. Revenues from non-rate sources reduce the amount of rate revenue that must be collected from customers. Other operating revenues in Lines 1 -29 were projected under the assumption of no annual increase. Non-operating revenues in Lines 31-37 were projected based on specific growth assumptions. For example, property taxes receipts shown in Line 32 assume a 2.0% annual growth rate. Receipts from grants and reimbursements shown in Line 34 are based on District staff's estimate of the grants that have a high probability of being received during each year of the FY 2026 – FY 2030 planning horizon. The interest and investment earnings shown on Line 34 are based on projected cash reserve balances during each year of the planning horizon and assume 4.0% interest earnings. The amount of \$2.1 million shown in Line 36, Column C, reflects the favorable outcome of environmental litigation with the 3M Corporation related to per- and polyfluoroalkyl substances – known as PFAS. The amounts received from this settlement

were not used to offset a specific cost. Instead, they were used to reduce the overall revenue requirement from rates.

Table 2-4: Projected FY 2026 – FY 2030 Non-Rate Revenues

	A	B	C	D	E	F	G
		Estimated	Projected				
Line	Non-Rate Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Other Operating Revenues						
2	Delinquent Charges	\$639,930	\$645,000	\$645,000	\$645,000	\$645,000	\$645,000
3	Backflow Install Charges	\$60	\$60	\$60	\$60	\$60	\$60
4	After Hours/Same Day Turn On Charges	\$6,100	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
5	Turn On/Turn Offs For Non-Payment	\$13,050	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
6	Lien Fee	\$120	\$60	\$60	\$60	\$60	\$60
7	Water Service Application Fee	\$43,400	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
8	Fire Flow Testing	\$9,600	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
9	Copies	\$15	\$40	\$40	\$40	\$40	\$40
10	Revenue / Cash Variance	\$98	\$0	\$0	\$0	\$0	\$0
11	Plan Check Fees	\$21,372	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
12	Returned Payment Charges	\$10,850	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
13	Inspection Fees	\$349	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000
14	Revenue / Meter Installation Charge	\$252,726	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
15	Fines For Unauthorized Water Use	\$6,475	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
16	Revenue / Miscellaneous	\$4,177	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
17	Revenue / Unclaimed Customer Refund	\$6,982	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
18	3A1 Pump from City of Rialto	\$117,629	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
19	Reimbursement From City Of Rialto - Opr Plant	\$532,881	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
20	Reimbursement From UTC - Routine Costs FBR	\$1,007,988	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
21	Reimbursement From UTC - Non-Routine Costs	\$0	\$0	\$0	\$0	\$0	\$0
22	Baseline Feeder Operations	\$1,220,512	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
23	Document Prep Fees	\$10	\$20	\$20	\$20	\$20	\$20
24	Administration Fees (Section 2017)	\$232,173	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
25	Utility Users Tax Administration	\$45,813	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
26	Reimbursement From Residents For Damages Done	\$142,947	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
27	Energy Demand Response Programs	\$9,559	\$0	\$0	\$0	\$0	\$0
28	Conservation Rebate Reimb	\$96,229	\$0	\$0	\$0	\$0	\$0
29	Total Miscellaneous Operating Revenues	\$4,421,044	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180
30							
31	Non-Operating Revenues						
32	Property Taxes	\$3,069,567	\$4,229,527	\$4,314,117	\$4,400,400	\$4,488,408	\$4,578,176
33	Grants and Reimbursements	\$127,892	\$2,095,000	\$2,159,757	\$1,000,000	\$50,000	\$50,000
34	Interest and Investment Earnings	\$2,523,572	\$1,373,878	\$1,444,845	\$1,188,676	\$834,316	\$620,334
35	Rental Income - Cellular Antennas	\$36,303	\$39,828	\$39,828	\$39,828	\$39,828	\$39,828
36	Other Non-Operating (Includes 3M Settlement)	\$15,783	\$2,144,322	\$194,514	\$226,933	\$202,619	\$137,781
37	Total Non-Operating Revenues	\$5,773,116	\$9,882,555	\$8,153,061	\$6,855,836	\$5,615,171	\$5,426,119
38							
39	Total	\$10,194,160	\$14,988,735	\$13,259,241	\$11,962,016	\$10,721,351	\$10,532,299

2.5. Expense Inflation Factors

Table 2-5 shows the expense inflation factors, which are used to project future operating and capital project expenses during the period FY 2026 – FY 2030. These factors were determined with input from District staff based on information such as existing contracts, existing memoranda of understanding, and historical analysis.

Table 2-5: Projected FY 2026 – FY 2030 Expense Inflation Factors

Line	A Expense Inflation Factors	B FY 2026	C FY 2027	D FY 2028	E FY 2029	F FY 2030
1	General Inflation	3.0%	3.0%	3.0%	3.0%	3.0%
2	Salary	4.0%	4.0%	4.0%	4.0%	4.0%
3	Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
4	Water Supply	5.0%	5.0%	5.0%	5.0%	5.0%
5	Energy	5.0%	5.0%	5.0%	5.0%	5.0%
6	Non-inflated	0.0%	0.0%	0.0%	0.0%	0.0%
7	Construction Cost Inflation	4.0%	4.0%	4.0%	4.0%	4.0%

2.6. Projected Operating Expenses

Table 2-6 shows projected operating expenses for the period FY 2026 – FY 2030. The estimated expenses show for FY 2025 (Column B) were provided by District staff. Projected expenses for FY 2026 (Column C) are based on the District's adopted FY 2026 budget. The projections for FY 2027 – FY 2030 (Columns D – G) were projected for using the inflation factors shown in Table 2-5. The adopted FY 2026 budget for operating expenses is \$36,105,730 (Line 23, Column C). In contrast, the FY 2025 estimated actual operating expenses are \$30,380,311 (Line 23, Column B). The FY 2026 increase was due to projected inflation and a memorandum of understanding between the District and its employees that increased projected labor costs by 7.0%.

Table 2-6: Projected FY 2026 – FY 2030 Operating Expenses

	A	B	C	D	E	F	G
		Estimated	Adopted	Projected			
Line	Type of Expense	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Source of Supply - 5110	\$1,913,572	\$2,360,380	\$2,478,399	\$2,602,319	\$2,732,435	\$2,869,057
2	Production Pumping - 5210	\$4,911,536	\$5,585,050	\$5,843,300	\$6,113,706	\$6,396,850	\$6,693,340
3	Water Quality Department - 5310	\$704,075	\$835,900	\$870,043	\$905,619	\$942,690	\$981,320
4	Water Treatment - Perchlorate - 5320	\$270,558	\$605,000	\$628,150	\$652,245	\$677,324	\$703,432
5	Water Treatment - FBR - 5350	\$2,038,860	\$2,077,721	\$2,160,974	\$2,247,720	\$2,338,112	\$2,432,311
6	Water Treatment - Roemer/Arsenic - 5390	\$2,399,995	\$2,736,685	\$2,849,240	\$2,966,632	\$3,089,078	\$3,216,804
7	Maintenance – Trans. and Distribution - 5410	\$2,639,621	\$3,043,000	\$3,158,161	\$3,277,841	\$3,402,224	\$3,531,501
8	Customer Service - 5510	\$1,608,163	\$1,218,300	\$1,270,140	\$1,324,230	\$1,380,670	\$1,439,563
9	Meter Reading – 5520	\$910,189	\$1,026,200	\$1,066,881	\$1,109,228	\$1,153,311	\$1,199,203
10	Billing – 5530	\$550,738	\$677,100	\$703,475	\$730,914	\$759,461	\$789,162
11	Administration – 5610	\$2,036,731	\$2,664,425	\$2,767,526	\$2,874,752	\$2,986,275	\$3,102,271
12	General Operations	\$2,956,236	\$3,295,919	\$3,412,090	\$3,532,611	\$3,657,655	\$3,787,404
13	Accounting – 5620	\$1,027,531	\$1,174,150	\$1,221,135	\$1,270,054	\$1,320,990	\$1,374,028
14	Engineering – 5630	\$1,767,634	\$2,786,875	\$2,899,601	\$3,017,007	\$3,139,293	\$3,266,667
15	Information Technology - 5640	\$1,418,823	\$1,890,830	\$1,961,483	\$2,034,878	\$2,111,126	\$2,190,342
16	GIS – 5645	\$205,375	\$291,200	\$303,445	\$316,213	\$329,527	\$343,411
17	Board of Directors - 5650	\$295,313	\$347,000	\$362,661	\$379,041	\$396,173	\$414,093
18	Human Resources/Risk Management - 5660	\$870,455	\$940,300	\$978,429	\$1,018,149	\$1,059,529	\$1,102,640
19	Purchasing	\$569,235	\$792,900	\$826,881	\$862,336	\$899,329	\$937,928
20	Government / Public Affairs - 5710	\$1,208,653	\$1,616,795	\$1,674,511	\$1,734,365	\$1,796,439	\$1,860,819
21	Grants & Rebates - 5720	\$77,037	\$140,000	\$144,200	\$148,526	\$152,982	\$157,571
22	Future Full-Time Equivalents	\$0	\$0	\$0	\$108,160	\$224,973	\$233,972
23	Total Operating Expenses	\$30,380,311	\$36,105,730	\$37,580,722	\$39,226,546	\$40,946,447	\$42,626,838
24	Annual % Change		18.8%	4.1%	4.4%	4.4%	4.1%

2.7. Projected Capital Improvement Expenditures

Table 2-7 shows projected inflation-adjusted capital expenditures for the period FY 2026 – FY 2030 segregated by major function. The projected capital expenditures shown in Table 2-7 were developed by District staff based on their analysis of long-term infrastructure needs.

Table 2-7: Projected FY 2026 – FY 2030 Capital Improvement Expenditures

	A	C	D	E	F	G	H
		Projected					Total
Line	Function	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2026 – 2030
1	Source of Supply	\$6,250,000	\$5,251,747	\$4,715,776	\$584,929	\$409,450	\$17,211,903
2	Storage	\$9,502,905	\$7,696,000	\$2,996,032	\$9,536,426	\$3,520,434	\$33,251,797
3	Pump Station	\$350,000	\$442,000	\$43,264	\$3,700,803	\$3,890,983	\$8,427,050
4	Treatment	\$2,136,000	\$1,485,120	\$1,620,237	\$1,674,922	\$1,799,242	\$8,715,522
5	Pipeline	\$7,169,238	\$4,844,615	\$2,875,200	\$224,973	\$1,591,008	\$16,705,034
6	Miscellaneous	\$5,188,211	\$2,329,600	\$2,225,933	\$2,362,214	\$2,515,196	\$14,621,154
7	Headquarters Building	\$0	\$1,000,000	\$1,000,000	\$21,000,000	\$47,000,000	\$70,000,000
8	Total	\$30,596,354	\$23,049,083	\$15,476,442	\$39,084,268	\$60,726,314	\$168,932,460

2.8. Projected Debt Service

Table 2-8 shows projected debt service expenditures for the period FY 2026 – FY 2030. Line 8 reflects the debt service associated with the \$50.8 million in external debt financing (\$50 million net proceeds) used to partially fund the projected capital expenditure of \$70 million for a new headquarters building. The debt terms associated with this proposed external debt financing assume a 4.0% interest rate, a 30-year repayment term, and issuance costs of 1.5%.

Table 2-8: Projected FY 2026 – FY 2030 Debt Service Expenditures

	A	B	C	D	E	F	G
		Actual	Projected				
Line	Debt Issue	2025	2026	2027	2028	2029	2030
1	Existing Debt						
2	Bond Series 2016A	\$1,303,300	\$1,302,600	\$1,304,000	\$1,297,250	\$1,297,125	\$1,296,490
3	Hydroelectric Plant	\$331,100	\$331,100	\$331,100	\$331,100	\$331,100	\$330,251
4	Water Rights	\$321,529	\$321,529	\$321,529	\$321,529	\$321,529	\$321,529
5	Drinking Water State Revolving Fund	\$147,934	\$499,091	\$1,834,711	\$1,834,711	\$1,834,711	\$1,834,711
6	Total	\$2,103,863	\$2,454,320	\$3,791,340	\$3,784,590	\$3,784,465	\$3,782,981
7							
8	Proposed Debt Issue						
9	New Headquarters Building	\$0	\$0	\$0	\$0	\$2,935,538	\$2,935,538
10	Total	\$0	\$0	\$0	\$0	\$2,935,538	\$2,935,538
11							
12	Total	\$2,103,863	\$2,454,320	\$3,791,340	\$3,784,590	\$6,720,003	\$6,718,519

2.9. Financial Policies

In addition to projected operating, capital improvement, and debt service coverage expenditures, the financial planning process requires the consideration of cash reserve and debt service coverage targets to ensure utility revenue adequacy and financial sufficiency. The District's financial policies establish target cash reserves equal to 50% of annual operating expenses and 25% of the subsequent year's cash and grant funded capital improvement program expenditures. The District also seeks to achieve a projected target debt service coverage ratio of 1.75x. Debt service coverage is calculated pursuant to the following formula:

$$\text{Revenue less Connection Fees} - \text{Operating Expenses} / \text{Debt Service} = \text{Debt Service Coverage}$$

2.10. Status Quo Financial Plan

The status quo financial planning scenario compares future inflation adjusted operating expenses and capital improvement costs but assumes there are no future rate revenue increases or external debt financing. The

status quo scenario quantifies the “funding gap” which is the difference between projected revenue and projected costs. Table 2-9 shows the outcome of the status quo financial plan during the period FY 2026 – FY 2030. It assumes District incurs capital improvement expenditures of \$70 million for a new headquarters building but no rate revenue increases or external debt financing. Key outcomes that demonstrate concerns with the status quo financial plan include:

1. The net operating cash flow shown on Line 16 is significantly negative during each year of the period FY 2026 – FY 2030
2. Debt service coverage falls below 0.0x beginning in FY 2029 (Line 18). Debt service coverage in FY 2027 – FY 2030 falls below the target of 1.75x (Line 20). It is also important to note that the District’s 2016 water revenue bonds require the maintenance of a 1.2x minimum coverage ratio after obtaining additional external debt financing. Under the status quo financial plan, the District would not be allowed to fund the new headquarters because it would be unable to meet the additional debt test under the 2016 bonds.
3. The Operating Fund ending balance falls to (\$61.9) million in FY 2030 (Line 26, Column G).
4. Projected combined operating and capital cash reserves at the end of FY 2030 are (\$60.5) million (Line 42, Column G)

2.11. Recommended Financial Plan

Table 2-10 shows the recommended financial plan for the period FY 2026 – FY 2030. It assumes annual 7.5% rate revenue increases during each year of the planning horizon. The recommended financial plan also includes \$50.8 million in external debt financing (\$50 million net proceeds) in FY 2029 used to partially fund the projected capital expenditure of \$70 million for a new headquarters building. Key outcomes that demonstrate the feasibility of moving forward with the recommended financial plan include:

1. There is a significant improvement in net operating cash flow as shown in Line 16. Although net operating cash flow is negative in FY 2026 – FY 2030, the projected Operating Fund ending cash balance always remains above \$0 (Line 26). Further, the Operating Fund ending cash balance is projected to remain above the 180-day target in all years except FY 2029 and FY 2030.
2. Debt service coverage remains above 0.0x in all years (Line 18). Debt service coverage also remains above the 1.75 target in all years except in FY 2029 and FY 2030 (Line 29).
3. Projected combined operating and capital cash reserves at the end of FY 2030 are \$18.7 million (Line 42, Column G)

Appendix A shows the full 10-year recommended financial plan for the period FY 2026 – FY 2035.

Table 2-9: FY 2026 – FY 2030 Status Quo Financial Plan (Not Recommended)

	A	B	C	D	E	F	G
		Estimated			Projected		
Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Rate Revenue Percentage Increases	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2							
3	Revenue at Existing Rates	\$27,894,159	\$28,683,169	\$29,345,189	\$29,965,773	\$30,661,553	\$31,364,280
4	Revenues from Rate Increases	\$0	\$0	\$0	\$0	\$0	\$0
5	Total Rate Revenues	\$27,894,159	\$28,683,169	\$29,345,189	\$29,965,773	\$30,661,553	\$31,364,280
6							
7	Other Operating Revenue	\$4,421,044	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180
8	Non-Operating Revenue	\$5,773,116	\$9,860,603	\$8,010,010	\$6,505,711	\$5,047,919	\$4,805,784
9	Total Revenues	\$38,088,319	\$43,649,952	\$42,461,378	\$41,577,664	\$40,815,652	\$41,276,244
10							
11	Operating Expenses	\$30,380,331	\$36,105,730	\$37,580,722	\$39,226,546	\$40,946,447	\$42,626,838
12	Debt Service	\$2,103,863	\$2,454,320	\$3,791,340	\$3,784,590	\$3,784,465	\$3,782,981
13	Rate Funded Capital	\$4,815,592	\$14,277,116	\$7,426,710	\$7,031,962	\$11,534,974	\$6,381,882
14	Total Expenditures	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$56,265,886	\$52,791,702
15							
16	Net Operating Cash Flow	\$788,534	(\$9,187,214)	(\$6,337,394)	(\$8,465,433)	(\$15,450,234)	(\$11,515,457)
17							
18	Debt Service Coverage	3.66	3.07	1.29	0.62	(0.03)	(0.36)
19	Target Debt Service Coverage	1.75	1.75	1.75	1.75	1.75	1.75
20	Variance from Target	1.91	1.32	(0.46)	(1.13)	(1.78)	(2.11)
21							
22	Water Operating Fund						
23	Beginning Balance	\$64,905,549	\$40,944,867	\$31,757,653	\$25,420,259	\$16,954,826	(\$3,559,419)
24	Sources of Funds	\$37,448,389	\$43,649,952	\$42,461,378	\$41,577,664	\$40,815,652	\$41,276,244
25	Uses of Funds	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$61,329,897	\$99,659,040
26	Ending Balance	\$40,944,867	\$31,757,653	\$25,420,259	\$16,954,826	(\$3,559,419)	(\$61,942,214)
27							
28	Target	\$15,190,165	\$18,052,865	\$18,790,361	\$19,613,273	\$20,473,223	\$21,313,419
29	Variance from Target	\$25,754,702	\$13,704,788	\$6,629,898	(\$2,658,447)	(\$24,032,642)	(\$83,255,633)
30							
31	Water Capital Fund						
32	Beginning Balance	\$8,706,655	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$1,607,971
33	Sources of Funds	\$26,018	\$852,465	\$980,025	\$806,116	\$5,341,225	\$46,867,338
34	Uses of Funds	\$16,138,408	\$2,095,000	\$3,159,757	\$2,000,000	\$21,050,000	\$47,050,000
35	Ending Balance	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$1,607,971	\$1,425,309
36							
37	Target	\$4,093,029	\$2,396,617	\$2,007,990	\$2,896,244	\$1,607,971	\$1,425,309
38	Variance from Target	\$17,839,868	\$18,293,745	\$16,502,640	\$14,420,502	\$0	\$0
39							
40	Total Operating and Capital Reserves						
41	Beginning	\$73,612,204	\$62,877,764	\$52,448,015	\$43,930,889	\$34,271,572	(\$1,951,448)
42	Ending	\$62,877,764	\$52,448,015	\$43,930,889	\$34,271,572	(\$1,951,448)	(\$60,516,905)

Table 2-10: FY 2026 – FY 2030 Recommended Financial Plan (Note 1)

	A	B	C	D	E	F	G
		Estimated			Projected		
Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Rate Revenue Percentage Increases	0.0%	7.5%	7.5%	7.5%	7.5%	7.5%
2							
3	Revenue at Existing Rates	\$27,894,159	\$28,683,169	\$29,345,189	\$29,965,773	\$30,661,553	\$31,364,280
4	Revenues from Rate Increases	\$0	\$1,075,619	\$3,383,867	\$5,962,018	\$8,857,602	\$12,092,474
5	Total Rate Revenues	\$27,894,159	\$29,758,787	\$32,729,056	\$35,927,792	\$39,519,155	\$43,456,754
6							
7	Other Operating Revenue	\$4,421,044	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180
8	Non-Operating Revenue	\$5,773,116	\$9,882,555	\$8,153,061	\$6,855,836	\$5,615,171	\$5,426,119
9	Total Revenues	\$38,088,319	\$44,747,522	\$45,988,297	\$47,889,808	\$50,240,506	\$53,989,053
10							
11	Operating Expenses	\$30,380,331	\$36,105,730	\$37,580,722	\$39,226,546	\$40,946,447	\$42,626,838
12	Debt Service	\$2,103,863	\$2,454,320	\$3,791,340	\$3,784,590	\$6,720,003	\$6,718,519
13	Rate Funded Capital	\$4,815,592	\$14,277,116	\$7,426,710	\$7,031,962	\$11,534,974	\$6,381,882
14	Total Expenditures	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$59,201,424	\$55,727,240
15							
16	Net Operating Cash Flow	\$788,534	(\$8,089,644)	(\$2,810,476)	(\$2,153,289)	(\$8,960,919)	(\$1,738,187)
17							
18	Debt Service Coverage	3.66	3.52	2.22	2.29	1.38	1.69
19	Target Debt Service Coverage	1.75	1.75	1.75	1.75	1.75	1.75
20	Variance from Target	1.91	1.77	0.47	0.54	(0.37)	(0.06)
21							
22	Water Operating Fund						
23	Beginning Balance	\$64,905,549	\$40,944,867	\$32,855,223	\$30,044,748	\$27,891,458	\$18,930,540
24	Sources of Funds	\$37,448,389	\$44,747,522	\$45,988,297	\$47,889,808	\$50,240,506	\$53,989,053
25	Uses of Funds	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$59,201,424	\$55,727,240
26	Ending Balance	\$40,944,867	\$32,855,223	\$30,044,748	\$27,891,458	\$18,930,540	\$17,192,353
27							
28	Target	\$15,190,165	\$18,052,865	\$18,790,361	\$19,613,273	\$20,473,223	\$21,313,419
29	Variance from Target	\$25,754,702	\$14,802,358	\$11,254,386	\$8,278,185	(\$1,542,684)	(\$4,121,066)
30							
31	Water Capital Fund						
32	Beginning Balance	\$8,706,655	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$47,564,368
33	Sources of Funds	\$26,018	\$852,465	\$980,025	\$806,116	\$51,297,622	\$981,199
34	Uses of Funds	\$16,138,408	\$2,095,000	\$3,159,757	\$2,000,000	\$21,050,000	\$47,050,000
35	Ending Balance	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$47,564,368	\$1,495,567
36							
37	Target	\$4,093,029	\$2,396,617	\$2,007,990	\$2,896,244	\$1,607,971	\$1,425,309
38	Variance from Target	\$17,839,868	\$18,293,745	\$16,502,640	\$14,420,502	\$45,956,398	\$70,258
39							
40	Total Operating and Capital Reserves						
41	Beginning	\$73,612,204	\$62,877,764	\$53,545,585	\$48,555,378	\$45,208,204	\$66,494,908
42	Ending	\$62,877,764	\$53,545,585	\$48,555,378	\$45,208,204	\$66,494,908	\$18,687,920

Note 1: Appendix A shows the full 10-year recommended financial plan for the period FY 2026 – FY 2035.

Figures 2-1, 2-2, 2-3 and 2-4 provide a visual representation of the recommended financial plan discussed above.

Figure 2-1: FY 2026 – FY 2030 Projected Financial Plan

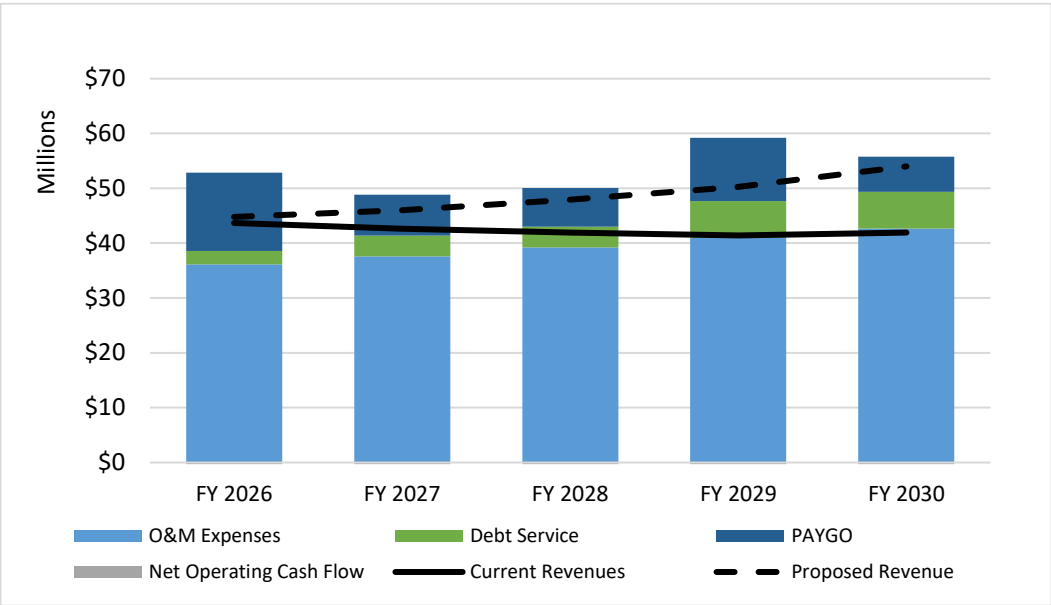


Figure 2-2: FY 2026 – FY 2030 Projected Ending Operating and Capital Cash Reserves

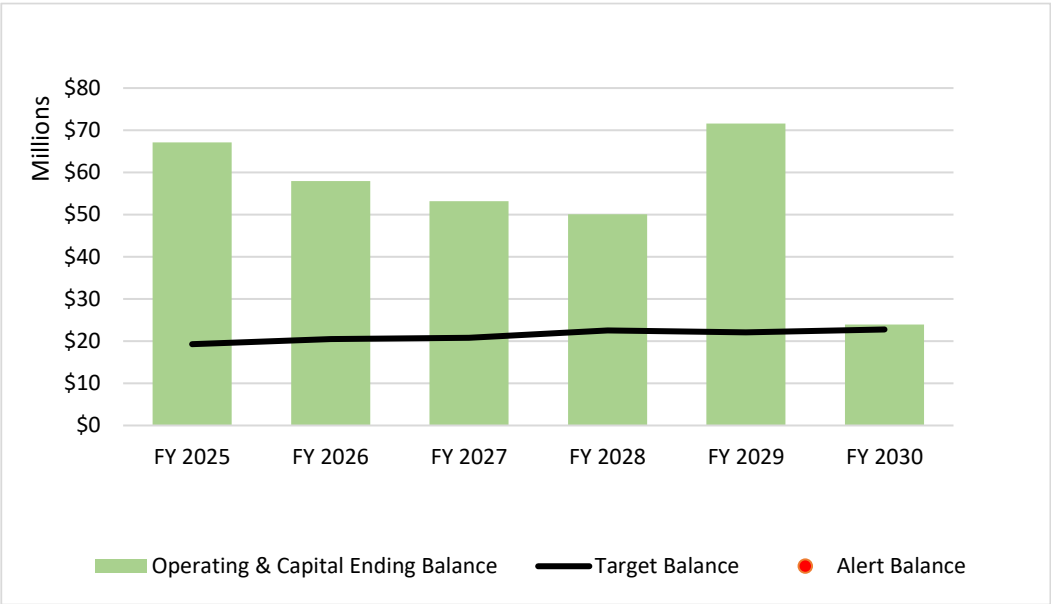
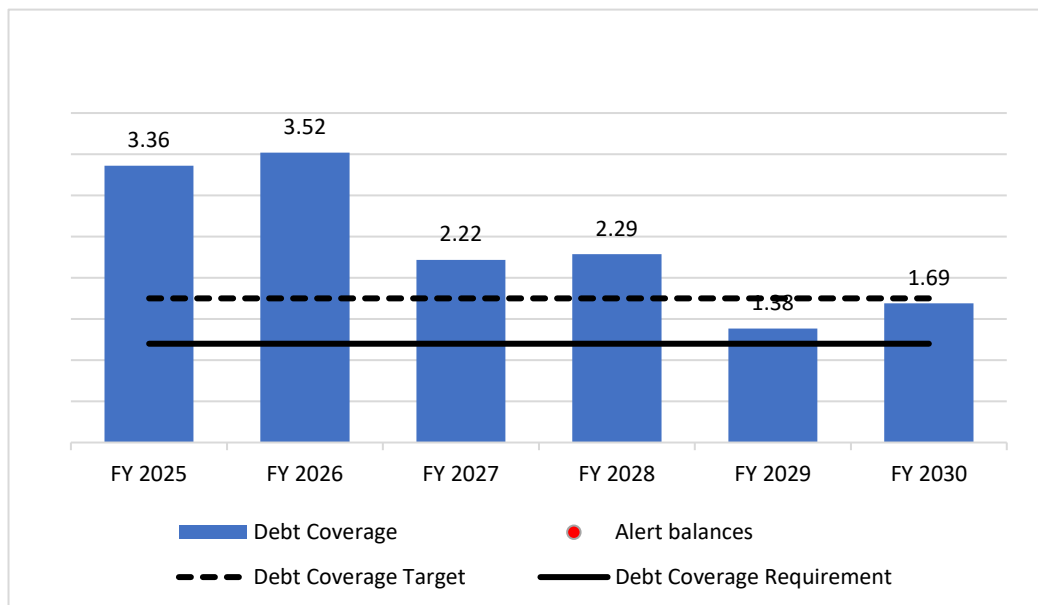
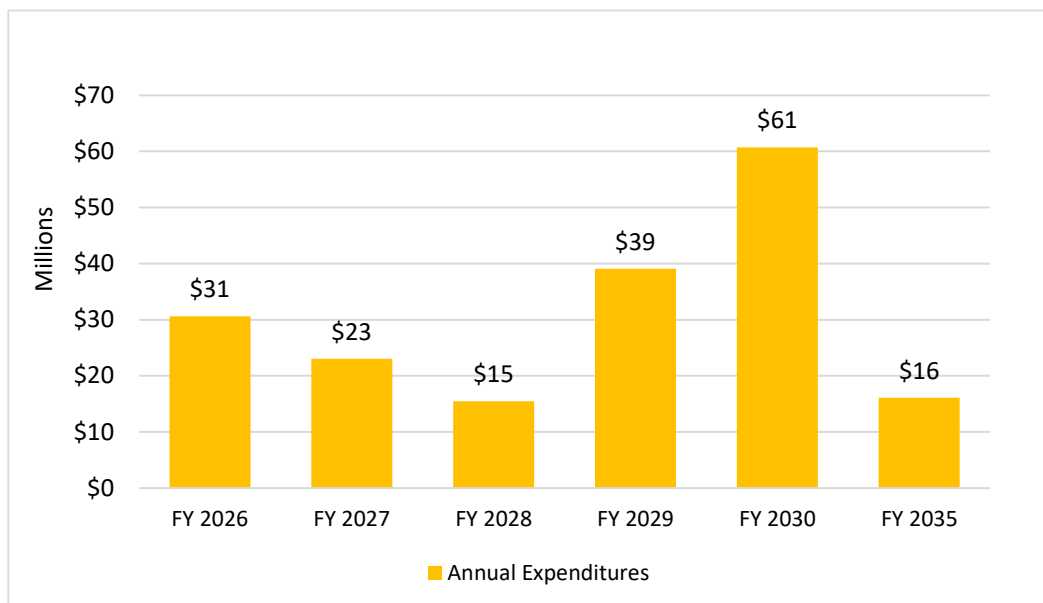


Figure 2-3: FY 2026 – FY 2030 Projected Debt Service Coverage**Figure 2-4: FY 2026 – FY 2030 Projected Capital Improvement Expenditures**

2.12. Projected Revenue Requirement from Rates

The primary outcome of the financial planning process is a determination of the projected annual revenue requirement from rates (i.e., the amount of rate revenue that must be earned from customers). Line 5 of Table 2-10 labeled “Total Rate Revenues” reflects the projected amount that must be collected from customers for the period FY 2026 – FY 2030. Line 5, Column C, of Table 2-10 shows that in FY 2026, total projected rate revenues are \$29,758,787. This amount is the FY 2026 revenue requirement from rates.

Table 2-11 shows the derivation of the annual revenue requirement in an alternative format. The amounts shown for FY 2026 (Column B) will be used in the cost allocation process discussed in Section 3 of this report. The “Net Revenue Requirement from Rates” shown on Line 14, Column B, of Table 2-11 matches the

FY 2026 value for Total Rate Revenues shown on Line 5, Column B of Table 2-10. Note that the FY 2026 revenue requirement does not reflect a mid-year adjustment as shown in Table 3-1.

Table 2-11: Projected FY 2026 – FY 2030 Annual Revenue Requirement from Rates

	A	B	C	D	E	F
		Projected				
Line	Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	O&M Expenses	\$36,105,730	\$37,580,722	\$39,226,546	\$40,946,447	\$42,626,838
2	Debt Service	\$2,454,320	\$3,791,340	\$3,784,590	\$6,720,003	\$6,718,519
3	Cash Funded CIP	<u>\$14,277,116</u>	<u>\$7,426,710</u>	<u>\$7,031,962</u>	<u>\$11,534,974</u>	<u>\$6,381,882</u>
4	Total Expenditures	\$52,837,166	\$48,798,773	\$50,043,097	\$59,201,424	\$55,727,240
5						
6	Net Operating Cash Flow (Change in Cash)	<u>(\$8,089,644)</u>	<u>(\$2,810,476)</u>	<u>(\$2,153,289)</u>	<u>(\$8,960,919)</u>	<u>(\$1,738,187)</u>
7	Gross Revenue Requirement	\$44,747,522	\$45,988,297	\$47,889,808	\$50,240,506	\$53,989,053
8						
9	Less:					
10	Other Operating Revenue	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180
11	Non-Operating Revenue	<u>\$9,882,555</u>	<u>\$8,153,061</u>	<u>\$6,855,836</u>	<u>\$5,615,171</u>	<u>\$5,426,119</u>
12	Total Rate Revenue Offsets	\$14,988,735	\$13,259,241	\$11,962,016	\$10,721,351	\$10,532,299
13						
14	Net Revenue Requirement from Rates	\$29,758,787	\$32,729,056	\$35,927,792	\$39,519,155	\$43,456,754

3. Cost of Service Analysis

This section of the report details the cost of service analysis used to determine the revenue requirement from monthly fixed charges and usage-based rates billed on a \$/HCF basis. This section of the report discusses the process used in the cost of service analysis on a step-by-step basis.

3.1. Process and Approach

The cost of service analysis completed by Raftelis followed industry standard guidelines outlined in the AWWA M1 Manual, adjusted where appropriate to meet the District's circumstances and to ensure compliance with Proposition 218. The cost-of-service and rate design principles discussed in the M1 Manual require proposed rates to reflect the proportionate cost that customers place on the water utility system given their unique demand characteristics. The cost of service analysis process includes the following steps:

1. **Revenue Requirement Functionalization**: Revenue requirement components (e.g., operating costs, cash-financed capital costs, and non-rate revenue offsets) are assigned to functional categories such as supply, treatment, storage, pumping, transmission, distribution, customer service, and billing, etc. This answers the question, what water system functions are being paid for via the annual revenue requirement?
2. **Allocation of Revenue Requirement to Cost Causation Components**: Functionalized costs are then allocated to specific cost causation components such as water supply, electric power, base demand, peak demand, customer service, and billing. This answers the question, what types of demand are being met by specific water system functions?
3. **Determine Units of Service**: Total system units of service are estimated for each cost causation component (e.g., the billed consumption in each tier or the number of equivalent meters).
4. **Calculate the Unit Cost of Service**: The unit cost of service is calculated for each cost causation component by dividing the total revenue requirement for each cost component (Step 2) by the total units of service for that component (Step 3). For example, base demand costs are divided by the annual water demand and customer billing costs are divided by the annual number of bills.
5. **Allocate Costs to Rate Components**: The total system unit cost of service for each cost causation component (Step 4) is multiplied by units of service for each rate component to determine the annual cost of service for monthly fixed charges and usage rates.

3.2. FY 2026 Revenue Requirement

Table 3-1 shows the allocation of the FY 2026 revenue requirement to operating and capital components. The revenue to be recovered from rates (Line 24) is divided between operating (Column B) and capital (Column C) based on the function of each line item. For example, debt service (Line 3) is allocated to capital, while O&M expenses (Line 2) are allocated to operating.

Line 18 reflects the revenue requirement of \$29,758,787 determined as part of the financial planning process (See Table 2-10, Line 5, Column C and Table 2-11, Line 14, Column B). A key item to note is the negative net operating cash flow of (\$8,089,644) shown on Line 5, Column C of Table 3-1. This negative amount is

because projected FY 2026 revenues are less than projected FY 2026 expenses. Table 2-10 shows this outcome. The negative operating cash flow of (\$8,089,644) is shown in Table 2-10, Line 16, Column C. It is the result of projected FY 2026 total revenues of \$44,747,522 (Table 2-10, Line 9, Column C) being (\$8,089,644) less than projected total FY 2026 expenditures of \$52,837,166 (Table 2-10, Line 14, Column C). The negative net operating cash flow results in a reduction in the District's projected FY 2026 ending cash reserves.

The revenue requirement of \$29,758,787 shown in Tables 2-10 (Line 5) and 2-11 (Line 14) represent the partial year impact of a 7.5% revenue adjustment taking effect halfway through FY 2026. Specifically, the rate adjustment will be implemented on January 1, 2026, halfway through FY 2026 which runs from July 1, 2025, and June 30, 2026. The total amount of rate revenue generated from this partial year adjustment is \$29,758,787 as shown Table 2-10 (Line 5) and Table 2-11 (Line 14). Line 21 of Table 3-1 introduces a mid-year adjustment to normalize the revenue requirement for a full year, ensuring it reflects the total amount of rate revenue that would have been collected if the 7.5% financial planning increase had been in effect for all 12 months of FY 2026. The FY 2026 financial planning increase of 7.5% will become effective on January 1, 2026, halfway through the fiscal year. Thus, a mid-year adjustment is required. The mid-year adjustment allows for an accurate comparison of annualized rate revenue needs and aligns the FY 2026 revenue requirement with a full-year rate implementation.

Table 3-1: FY 2026 Revenue Requirement by Operating and Capital Component

Line	A Revenue Requirement	B Operating	C Capital	D Total
1	Revenue Requirement			
2	Operating Costs	\$36,105,730		\$36,105,730
3	Debt Service		\$2,454,320	\$2,454,320
4	Cash Funded CIP		\$14,277,116	\$14,277,116
5	Net Operating Cash Flow (Change in Cash)	-	<u>(\$8,089,644)</u>	<u>(\$8,089,644)</u>
6	Gross Revenue Requirement	\$36,105,730	\$8,641,792	\$44,747,522
7				
8	Revenue Offsets			
9	Other Operating Revenue	\$5,106,180		\$5,106,180
10	Property Taxes	\$4,229,527		\$4,229,527
11	Grants and Reimbursements	\$2,095,000		\$2,095,000
12	Interest and Investment Earnings	\$1,373,878		\$1,373,878
13	Rental Income - Cellular Antennas	\$39,828		\$39,828
14	Other Non-Operating Revenues	<u>\$2,144,322</u>	-	<u>\$2,144,322</u>
16	Total Revenue Offsets	\$14,988,735	\$0	\$14,988,735
17				
18	Net Revenue Requirement Before Adjustments	\$21,116,995	\$8,641,792	\$29,758,787
19				
20	Adjustments			
21	Adjustment for Mid-Year Increase		<u>\$1,075,619</u>	<u>\$1,075,619</u>
22	Total Adjustments	\$0	\$1,075,619	\$1,075,619
23				
24	Net Revenue Requirement	\$21,116,995	\$9,717,411	\$30,834,406

3.3. System Demand Ratios

A key factor in the allocation of the revenue requirement to cost causation components is the determination of system demand ratios. Maximum day demand is the maximum amount of water used in a single day in a year. Maximum hour demand is the maximum usage in one hour on the maximum day. The system demand ratios are used to allocate functionalized costs to specific cost causation components. The system demand

ratios shown in Table 3-2 are based on an analysis of the District's FY 2022 billed water consumption in each of the recommended FY 2026 consumption tiers.

Table 3-2: System Demand Factors

	A	B
Line	Allocation Factor	System Peaking Factor
1	Base	1.06
2	Maximum Day	1.52
3	Maximum Hour	2.29

The system-wide demand ratios shown Table 3-2 are used to derive the cost causation component allocation factors shown in Table 3-3. The derivation of the allocation factors shown in Table 3-3 are as follows:

Line 1: “Base” represents the average day demand throughout the year and is assigned a factor of 100%
 » $\text{Base} = 1.06 / 1.06 = 100\%$

Line 2: “Max Day” is the ratio of maximum day demand relative to base demand. The percentage allocated to maximum day is the incremental usage above base demand.
 » $\text{Base} = 1.06 / 1.52 = 70\%$
 » $\text{Max Day} = (1.52 - 1.06) / 1.52 = 30\%$

Line 3: “Max Hour” is the ratio of maximum hour demand, on the maximum day, relative to base demand.
 » $\text{Base} = 1.06 / 2.29 = 46\%$
 » $\text{Max Day} = (1.52 - 1.06) / 2.29 = 20\%$
 » $\text{Max Hour} = (2.29 - 1.52) / 2.29 = 34\%$

The factors shown in Table 3-3 indicate how much additional capacity is required to meet demand above average daily use. As demand increases the size of the water system infrastructure must also increase. This causes utilities to incur greater costs to design, construct, maintain, and replace system facilities. For example, water treatment facilities are often used to provide water to meet both base and maximum day demand. Thus, the operating and capital costs associated with the water treatment function are allocated between base and maximum day demand using the percentages shown in Line 2, Columns C and D (70% and 30%). Similarly, pumping, transmission, and distribution facilities are often used to meet base, maximum day, and maximum hour demands. Thus, the operating and capital costs for these functions would be allocated as shown Line 3, Columns C, D, and F (46%, 20%, and 34%).

Table 3-3: System Demand Ratios Used in Cost Allocations

	A	B	C	D	E	F
Line	Allocation Factor	System Demand Factor	Base	Max Day	Max Hour	Total
1	Base	1.06	100%	0%	0%	100%
2	Max Day	1.52	70%	30%	0%	100%
3	Max Hour	2.29	46%	20%	34%	100%

3.4. Revenue Requirement Functionalization

The District's financial accounting and budgeting systems make a detailed assignment of operating costs to functional categories. This is shown in the projection of FY 2026 operating expenses shown in Tables 2-6 and 3-5. The allocation of the FY 2026 capital costs is based on the estimated net book value of the District's assets as of June 30, 2022. Table 3-4 shows this allocation.

Table 3-4: Capital Cost Functionalization Allocation

Line	Function	% of Assets	FY 2026 Capital Cost Revenue Requirement
1	Buildings & Improvements	5%	\$454,442
2	Distribution	26%	\$2,516,955
3	Equipment & Vehicles	1%	\$113,846
4	Fire	3%	\$302,851
5	General & Admin	0%	\$6,992
6	Land & Easement	1%	\$91,403
7	Meters	1%	\$140,300
8	Pumping	4%	\$436,610
9	Source Of Supply	7%	\$663,985
10	Storage	11%	\$1,042,113
11	Transmission	16%	\$1,514,063
12	Treatment	25%	\$2,433,850
13	Total	100%	\$9,717,411

3.5. Allocation to Cost Causation Components

The next step in the cost of service analysis is to allocate the functionalized FY 2026 revenue determine to cost causation components. The cost causation components used in the study included:

- Water Supply
- Base Demand
- Maximum Day Demand
- Maximum Hour Demand
- Meters
- Customer and Billing
- Direct Fire
- Private Fire
- General and Administrative

Table 3-5 shows the final allocation of the FY 2026 operating expense revenue requirement to cost causation components. Most allocations are based on the system demand ratios shown in Table 3-3.

Table 3-6 shows the final allocation of the FY 2026 capital cost revenue requirement to cost causation components. Most allocations are based on the system demand ratios shown in Table 3-3.

Table 3-7 shows the final allocation of FY 2026 non-rate offsets to cost causation components. The allocations are based on the outcome of the operating expense allocations in Table 3-5 and the capital cost allocations shown in Table 3-6.

Table 3-5: Allocation of FY 2026 Operating Expenses to Cost Causation Components

	A	B	C	D	E	F	G	H	I	J
Line	Operating Expense	Supply	Base Delivery (Note 1)	Max Day	Max Hour	Meters	Customer	General	Direct Fire	Total
1	Source of Supply – 5110	\$2,360,380	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,360,380
2	Production Pumping – 5210	\$0	\$4,362,421	\$457,130	\$765,499	\$0	\$0	\$0	\$0	\$5,585,050
3	Water Quality Department – 5310	\$0	\$584,434	\$251,466	\$0	\$0	\$0	\$0	\$0	\$835,900
4	Water Treatment - Perchlorate – 5320	\$0	\$422,997	\$182,003	\$0	\$0	\$0	\$0	\$0	\$605,000
5	Water Treatment - FBR – 5350	\$0	\$1,618,133	\$459,588	\$0	\$0	\$0	\$0	\$0	\$2,077,721
6	Water Treatment - Roemer/Arsenic – 5390	\$0	\$2,184,151	\$552,534	\$0	\$0	\$0	\$0	\$0	\$2,736,685
7	Maintenance - Transmission and Distribution – 5410	\$0	\$2,127,568	\$915,432	\$0	\$0	\$0	\$0	\$0	\$3,043,000
8	Customer Service – 5510	\$0	\$0	\$0	\$0	\$0	\$1,218,300	\$0	\$0	\$1,218,300
9	Meter Reading – 5520	\$0	\$0	\$0	\$0	\$1,026,200	\$0	\$0	\$0	\$1,026,200
10	Billing – 5530	\$0	\$0	\$0	\$0	\$0	\$677,100	\$0	\$0	\$677,100
11	Administration – 5610	\$0	\$0	\$0	\$0	\$985,837	\$399,664	\$1,278,924	\$0	\$2,664,425
12	General Operations	\$0	\$64,000	\$0	\$0	\$1,195,810	\$484,788	\$1,551,321	\$0	\$3,295,919
13	Accounting – 5620	\$0	\$0	\$0	\$0	\$434,436	\$176,123	\$563,592	\$0	\$1,174,150
14	Engineering – 5630	\$0	\$0	\$0	\$0	\$1,031,144	\$418,031	\$1,337,700	\$0	\$2,786,875
15	Information Technology – 5640	\$0	\$0	\$0	\$0	\$699,607	\$283,625	\$907,598	\$0	\$1,890,830
16	GIS – 5645	\$0	\$0	\$0	\$0	\$107,744	\$43,680	\$139,776	\$0	\$291,200
17	Board of Directors – 5650	\$0	\$0	\$0	\$0	\$128,390	\$52,050	\$166,560	\$0	\$347,000
18	Human Resources/Risk Management – 5660	\$0	\$0	\$0	\$0	\$347,911	\$141,045	\$451,344	\$0	\$940,300
19	Purchasing	\$0	\$0	\$0	\$0	\$293,373	\$118,935	\$380,592	\$0	\$792,900
20	Government / Public Affairs – 5710	\$0	\$0	\$0	\$0	\$598,214	\$242,519	\$776,062	\$0	\$1,616,795
21	Grants & Rebates – 5720	\$0	\$0	\$0	\$0	\$51,800	\$21,000	\$67,200	\$0	\$140,000
22	Future Full-Time Equivalents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Total Operating Expenses	\$2,360,380	\$11,363,704	\$2,818,153	\$765,499	\$6,900,466	\$4,276,859	\$7,620,669	\$0	\$36,105,730
24	Percentage Allocation	6.5%	31.5%	7.8%	2.1%	19.1%	11.8%	21.1%	0.0%	100.0%

Note 1: Base Delivery Costs Include \$4,814,000 of electric power costs

Table 3-6: Allocation of FY 2026 Capital Costs to Cost Causation Components

	A	B	C	D	E	F	G	H	I	J
Line	Capital Cost	Supply	Base Delivery (Note 1)	Max Day	Max Hour	Meters	Customer	General	Direct Fire	Total
1	Total Capital Costs	\$663,985	\$4,618,022	\$1,987,004	\$1,338,565	\$386,973	\$100,002	\$320,008	\$302,851	\$9,717,411
2	Percentage Allocation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note 1: Base Delivery Costs Include \$4,814,000 of electric power costs

Table 3-7: Allocation of FY 2026 Non-Rate Revenue Offsets to Cost Causation Components

	A	B	C	D	E	F	G	H	I	J
Line	Capital Cost	Supply	Base Delivery (Note 1)	Max Day	Max Hour	Meters	Customer	General	Direct Fire	Total
1	Other Operating Revenue	\$333,812	\$1,607,089	\$398,552	\$108,259	\$975,884	\$604,846	\$1,077,738	\$0	\$5,106,180
2	Non-Operating Revenue	\$979,993	\$4,723,858	\$1,174,948	\$322,427	\$2,858,596	\$1,771,164	\$3,156,508	\$1,241	\$14,988,735
3	Total Non-Rate Revenue Offsets	\$1,313,805	\$6,330,947	\$1,573,499	\$430,686	\$3,834,480	\$2,376,010	\$4,234,246	\$1,241	\$20,094,915
4	Percentage Allocation	6.5%	31.5%	7.8%	2.1%	19.1%	11.8%	21.1%	0.006%	100.0%

Note 1: Base Delivery Costs Include \$4,814,000 of electric power costs

3.6. Meter Equivalencies

To calculate the revenue requirement for monthly service charges, the number of 3/4" meter equivalent connections must be determined. This is done by using meter flow rate equivalencies based on meter size. Table 3-8 shows the water meter flow equivalencies used in the cost allocation and rate design process based on the District's actual inventory of meters. The flow assumptions and resulting flow equivalencies are based on information from the American Water Works Association. The meter flow equivalencies show in Table 3-8 were reviewed and approved by District staff.

Table 3-8: Meter Flow Equivalencies

	A	B	C	D	E	F
Line	Meter Size	Flow Capacity (gpm)	Flow Equivalency Ratio	Number of Meters	Number of Equivalent Meters	Annual Bills
1	5/8"	30	1.00	2,985	2,985	35,820
2	3/4"	30	1.00	10,452	10,452	125,425
3	1"	50	1.67	10,981	18,302	131,772
4	1 1/2"	100	3.33	325	1,083	3,900
5	2"	160	5.33	506	2,699	6,072
6	3"	350	11.67	137	1,601	1,647
7	4"	600	20.00	56	1,110	666
8	6"	1,250	41.67	9	385	111
9	8"	1,800	60.00	4	240	48
	Total			25,455	38,857	305,461

3.7. Private Fire Line and Public Hydrant Equivalencies

Water systems provide water supplies for two types of fires. Fires that are fought using public fire hydrants and fires that are fought using private fire lines, which provide fire flows to sprinkler systems in buildings and other structures. To determine the share of total fire-related costs attributable to public versus private, Raftelis performed an analysis of the system capacity demanded by public hydrants and private fire lines.

The standard connection for a public hydrant is 6". Therefore, private fire connections are expressed on an equivalent 6" basis. Table 3-9 shows the steps required to calculate 6" equivalents. Each fire connection size has a fire flow demand ratio, similar to a hydraulic capacity factor of a water meter. The diameter of the connection is raised by exponent 2.63 to determine the fire flow demand factor for each connection size. This value comes from the Hazen-Williams equation, an empirical formula used to calculate friction head loss and flow velocity in water distribution systems. The number of connections of a specific size is then multiplied by the fire flow demand factor to derive total equivalent 6" fire connections.

The analysis shown in Table 3-9 indicates that approximately 55% of 6" equivalent connections are for public hydrants (Line 19) and 45.0% of 6" equivalent connections are for private fire lines (Line 20). This information is used in the cost allocation process to determine the proportion of maximum day and maximum hour costs that should be allocated to public hydrants and private fire lines.

Table 3-9: Private Fire Line and Public Hydrant Equivalent 6" Connections

	A	B	C	D	E
Line	Fire Connection	Fire Demand Ratio	Number of Connections	Equivalent Connections	Annual Bills
1	Private Fire Connection Size				
2	5/8"	0.29	8	2.32	96
3	3/4"	0.47	0	0.00	0
4	1"	1.00	0	0.00	0
5	1 1/2"	2.90	1	2.90	12
6	2"	6.19	1	6.19	12
7	3"	17.98	0	0.00	0
8	4"	38.32	31	1,187.90	372
9	6"	111.31	93	10,351.92	1116
10	8"	237.21	132	31,311.26	1584
11	10"	426.58	144	61,427.45	1728
12	12"	689.04	10	6,890.44	120
13	Total			111,180.38	
14					
15	Public Hydrant Size	Fire Demand Ratio	Number of Connections	Equivalent Connections	
16	6"	38.32	3,550	136,034	
17					
18	Total Equivalent Fire Connections			247,214	
19	Percentage Public Hydrants			55.0%	
20	Percentage Private Fire Lines			45.0%	

Having established the number of 6" equivalent public and private fire connections, the next step in the process of allocating fire-related costs is to assume the maximum day and maximum hour units of service for a hypothetical fire event. The District's 2020 Water Facilities Engineering Master Plan provided fire flow estimates ranging from 1,500 gallons per minute (gpm) over a 2-hour duration for a low density single family residential fire to 4,000 gpm over a 4-hour duration for a heavy industry fire. Table 3-10 shows the allocation of maximum hour and maximum day fire flows for a 5,000-gpm fire with a 4-hour duration which reflects the hypothetical fire flows for two simultaneous fire events.

Table 3-10: Allocation of Fire Flows

	A	B	C
Line	Fire Estimate	Max Day	Max Hour
1	Hours for Fire	4.0	4.0
2	Gallons per Minute (Thousands)	5.0	5.0
3			
4	Cost to Public Fire	55%	55%
5	Capacity Demanded for Fire (hcf)	1,604	9,625
6	Public Fire (55% from Table 3-10)	883	5,296
7	Private Fire (45% from Table 3-10)	721	4,329

3.8. Summary Units of Service

Table 3-11 provides a summary of the units of service used in the cost of service analysis.

3.9. Unit Cost of Service

Having established the total system units of service as shown in Table 3-11, the next step in the cost of service analysis is to calculate the unit cost of service for each cost causation component. This is accomplished by dividing the revenue requirement for each cost causation component by the total system units of service

associated with that component. Table 3-12 shows the calculation of the unit cost of service. Key things to note include:

1. Electric power costs (Line 2, Column C) have been stated separately from other operating expenses. This allows the District to implement a pass-through adjustment to usage rates each year if desired.
2. General and administrative costs are allocated to other cost causation components (Line 8).
3. Maximum day and maximum hour public fire hydrant costs (Line 12, Columns D and E) are allocated to the meter cost causation component (Line 12, Column F).
4. Maximum day and maximum hour private fire line costs (Line 13, Columns D and E) are allocated to the private fire cost causation component (Line 13, Column I).
5. The final FY 2026 revenue requirement of \$30,834,406 (Line 14, Column K) matches the revenue requirement previously shown in Table 3-1, Line 24, Column D.

3.10. Summary Cost of Service for Rate Components

As noted previously, the District has no specific customer classes. Instead, customers pay \$/HCF usage rates using a 3-tier rate structure that applies to all customer types. Table 3-13 provides a summary of the FY 2026 cost of service for each rate component. This information is used in the development of proposed rates as discussed in Section 4 of this report.

1. Columns B - G show the components of the usage cost of service which total \$20,563,047 (Line 5, Column G). This is 66.7% of the total revenue requirement of \$30,834,406.
2. Columns H - J show the components of the monthly service charge cost of service which total \$9,557,222 (Line 5, Column J). This is 31% of the total revenue requirement of \$30,834,406.
3. Column K shows the private fire line revenue requirement of \$714,137 (Line 5, Column K). This is 2.3% of the total revenue requirement of \$30,834,406.

Table 3-11: Summary of FY 2026 Total System Units of Service

Line	A Customer Class	B Percent in Tier	C Annual Use (hcf)	D Average Daily Use (hcf/day)	E Max Day Peaking	F Total Capacity (hcf/day)	G Max Day Extra Capacity (hcf/day)	H Max Hour Peaking	I Total Capacity (hcf/day)	J Extra Capacity (hcf/day)	K Equivalent Meters	L Public Hydrants	M Private Fire Equivalent Connections	N Number of Customers	O Annual Bills
1	All Customers														
2	Tier 1 (0 - 10 HCF)	30.4%	2,461,151	6,743	1.52	10,268	3,525	2.29	15,441	5,173	38,857	0	111,180	25,455	305,461
3	Tier 2 (11 - 30 HCF)	35.4%	2,866,392	7,853	1.52	11,959	4,106	2.29	17,984	6,025	0	0	0	0	0
4	Tier 3 (>30 HCF)	34.2%	2,770,974	7,592	1.52	11,561	3,969	2.29	17,385	5,824	0	0	0	0	0
5	Total All Customers	100.0%	8,098,516	22,188		33,788	11,601		50,810	17,021	38,857	0	0	25,455	305,461
6															
7	Public Fire Hydrants						883		5,296	4,414	0	136,034	0	0	0
8	Private Fire Lines						721		4,329	3,607	0	0	111,180	420	5,040
9	Total System		8,098,516	22,188		33,788	13,205		60,435	25,042	38,857	136,034	111,180	25,875	310,501

Table 3-12: Calculated FY 2026 Unit Cost of Service

Line	A Revenue Requirement Component	B Supply	C Base Delivery	D Max Day	E Max Hour	F Meters	G Customer	H Direct Fire	I Private Fire	J General	K Total
1	Operating Expenses	\$2,360,380	\$6,549,704	\$2,818,153	\$765,499	\$6,900,466	\$4,276,859	\$0	\$0	\$7,620,669	\$31,291,730
2	Electric Power	\$0	\$4,814,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,814,000
3	Capital Costs	\$663,985	\$4,618,022	\$1,987,004	\$1,338,565	\$386,973	\$100,002	\$302,851	\$0	\$320,008	\$9,717,411
4	Non-Rate Revenue Offsets	(\$979,993)	(\$4,723,858)	(\$1,174,948)	(\$322,427)	(\$2,858,596)	(\$1,771,164)	(\$1,241)	\$0	(\$3,156,508)	(\$14,988,735)
5	Revenue Requirement Before Adjustment	\$2,044,372	\$11,257,868	\$3,630,209	\$1,781,637	\$4,428,843	\$2,605,698	\$301,610	\$0	\$4,784,169	\$30,834,406
6											
7											
8	Allocation of General Cost	\$375,452	\$2,067,526	\$666,694	\$327,201	\$813,364	\$478,541	\$55,391	\$0	(\$4,784,169)	\$0
9	Adjusted Revenue Requirement	\$2,419,825	\$13,325,393	\$4,296,903	\$2,108,838	\$5,242,207	\$3,084,238	\$357,001	\$0	\$0	\$30,834,406
10											
11	Allocation of Fire Costs										
12	Public Fire Hydrants			(\$326,961)	(\$546,814)	\$1,230,777		(\$357,001)			
13	Private Fire Lines	-	-	(\$267,225)	(\$446,912)	-	-	-	\$714,137	-	-
14	Final Revenue Requirement	\$2,419,825	\$13,325,393	\$3,702,717	\$1,115,112	\$6,472,984	\$3,084,238	\$0	\$714,137	\$0	\$30,834,406
15	Units of Service	8,098,516	8,098,516	9,997	9,001	38,857	310,501		111,180		
16											
17	Final Unit Cost of Service	\$0.30	\$1.65	\$370.40	\$123.89	\$13.88	\$9.93		\$0.54		
18	Unit of Measure	hcf	hcf	hcf/day	hcf/day	equiv. meter/yr	bills/yr		Equivalent Connections/ Bills		

Table 3-13: Summary of FY 2026 Cost of Service for Rate Components

	A	B	C	D	E	F	G	H	I	J	K	L
		Usage Cost of Service						Monthly Service Charge Cos of Service			Private Fire	Total
Line	Revenue Requirement Component	TIER	Supply	Base Delivery	Max Day	Max Hour	Total	Meters	Customer	Total	Cost of Svc.	Cost of Svc.
1	All Users											
2	Tier 1 (10 hcf)	0 - 10 HCF	\$735,388	\$4,049,606	\$1,125,261	\$338,884	\$6,249,140	\$6,472,984	\$3,084,238	\$9,557,222	\$714,137	\$16,520,499
3	Tier 2 (11-30 hcf)	11 - 30 HCF	\$856,474	\$4,716,394	\$1,310,541	\$394,683	\$7,278,092	\$0		\$0		\$7,278,092
4	Tier 3	> 30 HCF	<u>\$827,963</u>	<u>\$4,559,393</u>	<u>\$1,266,915</u>	<u>\$381,545</u>	<u>\$7,035,815</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>\$7,035,815</u>
5	Total		\$2,419,825	\$13,325,393	\$3,702,717	\$1,115,112	\$20,563,047	\$6,472,984	\$3,084,238	\$9,557,222	\$714,137	\$30,834,406

4. Proposed Rates and Charges

4.1. Monthly Service Charges

Table 4-1 shows the calculation of proposed FY 2026 monthly service charges. Column F shows the final proposed FY 2026 monthly service charges by meter size. The increase in the monthly service charges for larger meter sizes (Lines 6 - 9) is caused by the use of meter flow rate information that reflects the capacity demand that the District's current actual large meters can place on the District's water system (Column D).

Table 4-1: Proposed FY 2026 Monthly Service Charge

	A	B	C	D	E	F = D+E	G	H	I
Line	Meter Size	Flow Capacity (gpm)	Meter Flow Equivalency	Monthly Capacity Component	Monthly Billing Component	Proposed FY 2026 Monthly Service Charge	Existing Monthly Service Charge	\$ Difference	% Difference
1	5/8"	30	1.00	\$13.88	\$9.93	\$23.82	\$22.21	\$1.61	7.2%
2	3/4"	30	1.00	\$13.88	\$9.93	\$23.82	\$22.21	\$1.61	7.2%
3	1"	50	1.67	\$23.14	\$9.93	\$33.07	\$33.07	(\$0.00)	0.0%
4	1 1/2"	100	3.33	\$46.27	\$9.93	\$56.21	\$48.77	\$7.44	15.2%
5	2"	160	5.33	\$74.04	\$9.93	\$83.97	\$67.18	\$16.79	25.0%
6	3"	350	11.67	\$161.96	\$9.93	\$171.89	\$97.52	\$74.37	76.3%
7	4"	600	20.00	\$277.64	\$9.93	\$287.57	\$128.56	\$159.01	123.7%
8	6"	1,250	41.67	\$578.42	\$9.93	\$588.35	\$195.02	\$393.33	201.7%
9	8"	1,800	60.00	\$832.92	\$9.93	\$842.85	\$261.48	\$581.37	222.3%

4.2. Monthly Private Fire Line Charges

Table 4-2 shows the calculation of proposed FY 2026 monthly private fire line charges. Column E shows the final proposed FY 2026 monthly private fire line charges by connection size. The increase in the monthly private fire line charge for larger connections (Lines 10 – 11) is caused by the use of fire flow demand ratios that reflect the capacity demand that large connections can place on the District's water system (Column C).

Table 4-2: Proposed FY 2026 Monthly Private Fire Line Charge

	A	B	C	D	E = C + D	F	G	H
Line	Private Fire Line Size	Fire Demand Ratio	Monthly Capacity Component	Monthly Billing Component	Proposed Monthly Service Charge	Existing	\$ Difference	% Difference
1	5/8"	0.29	\$0.16	\$9.93	\$10.09	\$10.54	(\$0.45)	(4.3%)
2	3/4"	0.47	\$0.25	\$9.93	\$10.18	\$10.54	(\$0.36)	(3.4%)
3	1"	1.00	\$0.54	\$9.93	\$10.47	\$10.54	(\$0.07)	(0.7%)
4	1 1/2"	2.90	\$1.55	\$9.93	\$11.49	\$15.81	(\$4.32)	(27.3%)
5	2"	6.19	\$3.31	\$9.93	\$13.25	\$21.08	(\$7.83)	(37.2%)
6	3"	17.98	\$9.63	\$9.93	\$19.56	\$31.62	(\$12.06)	(38.1%)
7	4"	38.32	\$20.51	\$9.93	\$30.44	\$42.16	(\$11.72)	(27.8%)
8	6"	111.31	\$59.58	\$9.93	\$69.51	\$63.24	\$6.27	9.9%
9	8"	237.21	\$126.97	\$9.93	\$136.90	\$84.32	\$52.58	62.4%
10	10"	426.58	\$228.33	\$9.93	\$238.27	\$105.40	\$132.87	126.1%
11	12"	689.04	\$368.82	\$9.93	\$378.76	\$126.48	\$252.28	199.5%

4.3. Usage Rates – Recommended Change in Consumption Thresholds

As part of the rate design process, Raftelis analyzed customer usage patterns in each of the District's current consumption tiers (Column B of Table 4-3). Based on this analysis, we recommend modifying the District's existing consumption thresholds to those shown in Column C of Table 4-3. Specifically, we recommend that the Tier 2 consumption threshold be lowered from 50 HCF to 30 HCF and the Tier 3 consumption threshold be lowered from greater than 50 HCF to greater than 30 HCF.

This recommendation was made to better align the District's consumption thresholds with the water supply costs projected to be incurred in FY 2026. Table 4-4 shows the projected FY 2026 water supply unit cost of service under the proposed modified consumption thresholds. As shown in Line 17, Columns F - H, under the recommended modified consumption thresholds, there is a distinct cost to service each consumption tier (Tier 1 = \$0.09/HCF, Tier 2 = \$0.30/HCF, and Tier 3 = \$0.49/HCF). These outcomes provide cost-based support for the recommended change in the District's current consumption tiers

Table 4-3: Recommended Usage Rate Consumption Thresholds

Line	A Consumption Tier	B Existing Threshold	C Recommended Threshold
1	Tier 1	0-10 HCF	0-10 HCF
2	Tier 2	11-50 HCF	11-30 HCF
3	Tier 3	> 50 HCF	>30 HCF

4.4. Usage Rates – \$/HCF Source of Supply Costs

Source of supply costs are a component of the District's operating expense revenue requirement. The District has a diverse water supply portfolio. District staff projects that eight separate sources of water will be used to meet demand FY 2026. The total estimated cost of these supplies is projected to be \$2,019,466 in FY 2026. In addition to this volume-related cost, a total of \$400,358 in non-volume-related costs are also associated with the source of supply function. Thus, the total FY 2026 source of supply revenue requirement is \$2,419,825

Table 4-4 shows the allocation of water supply costs to each of the District's three recommended consumption tiers. Demand-related costs are allocated to each tier based on the adequacy, reliability, and cost of each specific supply source. Specifically, the District has an adequate amount of the lowest cost water supply to serve all the projected FY 2026 Tier 1 demand and this low cost supply is fully allocated to Tier 1. Only a partial amount of the lowest cost supply is available to meet projected FY 2026 Tier 2 demand. As a result, higher cost supplies must also be allocated to Tier 2. Finally, Tier 3 demand is projected to be served by a combination of the remaining water supply sources with the highest average cost. Source of supply costs not related to volume are allocated to each tier based on the projected FY 2026 billed consumption in each tier.

Line 17 of Table 4-4 shows the \$/HCF source of supply unit cost for each consumption tier.

Table 4-4: FY 2026 Source of Supply Unit Cost of Service (\$/HCF)

Line	A Supply Source	B Acre Feet (AF)	C \$/ AF	D Total Cost	F Tier 1 Cost (0 – 10 HCF)	G Tier 2 Cost (11 – 30 HCF)	H Tier 3 Cost (> 30 HCF)	I Total Cost
1	Water Supply Costs (Supply Volumes)							
2	GW-Lytle Creek (all other wells)	3,214	\$46	\$148,651	\$96,870	\$51,782		\$148,651
3	GW-BH	1,704	\$46	\$78,794		\$78,794		\$78,794
4	GW-Lytle Creek (Well 2)	100	\$46	\$4,608		\$4,608		\$4,608
5	Roemer (Lytle Creek)	6,302	\$126	\$792,792		\$569,213	\$223,578	\$792,792
6	Roemer (San Bernardino's Lytle Creek)	2,245	\$126	\$282,421			\$282,421	\$282,421
7	Roemer (SWP-Valley District)	2,520	\$126	\$317,016			\$317,016	\$317,016
8	GW-BH / BLF	337	\$306	\$103,345			\$103,345	\$103,345
9	Roemer (SWP-IEUA)	320	\$912	<u>\$291,840</u>			<u>\$291,840</u>	<u>\$291,840</u>
10	Total Water Supply Costs			\$2,019,466	\$96,870	\$704,396	\$1,218,200	\$2,019,466
11								
12	FY 2026 Non-Volume Source of Supply Costs Allocated Based on Recommended FY 2026 Consumption Tiers			\$400,358	\$121,670	\$141,703	\$136,986	\$400,358
13	Percentage Usage by Tier				30.4%	35.4%	34.2%	
14								
15	Total Water Supply Costs			\$2,419,825	\$218,539	\$846,099	\$1,355,186	\$2,419,825
16	Projected FY 2026 Billed Consumption by TIER				2,461,151	2,866,392	2,770,974	
17	Calculated FY 2026 Unit Cost per HCF by Consumption Tier				\$0.09	\$0.30	\$0.49	

4.5. Usage Rates – \$/HCF Electric Power Costs

Electric power costs are a component of the District's operating expense revenue requirement. The estimated FY 2026 revenue requirement for electric power costs is \$4,814,000. Table 4-5 shows the allocation of electric power costs to each of the recommended consumption tiers. The unit cost of service for electric power does not vary by consumption tier. As shown in Column E, the unit cost of service for electric power is \$0.59/HCF in each of the recommended consumption tiers.

Table 4-5: FY 2026 \$/HCF Electric Power Cost Unit Cost of Service

Line	A Consumption Tier	B FY 2026 Billed Consumption (HCF)	C % of Total	D FY 2026 Electric Power Costs	E FY 2026 \$/HCF Unit Cost of Service
1	Tier 1 (0 - 10 HCF)	2,461,151	30.4%	\$1,462,982	\$0.59
2	Tier 2 (11 - 30 HCF)	2,866,392	35.4%	\$1,703,869	\$0.59
3	Tier 3 (> 30 HCF)	<u>2,770,974</u>	<u>34.2%</u>	<u>\$1,647,150</u>	\$0.59
4	Total	8,098,516	100.0%	\$4,814,000	

4.6. Usage Rates – \$/HCF Base Demand Costs

The FY 2026 operating expense revenue requirement for base demand, net of electric power costs, is \$8,511,393. Table 4-6 shows the allocation of base demand costs to each of the recommended consumption tiers. There is no difference in the cost of system capacity to serve base demand in each consumption tier. As shown in Column E, the unit cost of service for base demand is \$1.05/HCF in each of the recommended consumption tiers.

Table 4-6: FY 2026 \$/HCF Base Demand Costs

	A	B	C	D	E
Line	Consumption Tier	FY 2026 Billed Consumption (HCF)	% of Total	FY 2026 Base Demand Costs	FY 2026 \$/HCF Unit Cost of Service
1	Tier 1 (0 - 10 HCF)	2,461,151	30.4%	\$2,586,625	\$1.05
2	Tier 2 (11 - 30 HCF)	2,866,392	35.4%	\$3,012,525	\$1.05
3	Tier 3 (> 30 HCF)	<u>2,770,974</u>	<u>34.2%</u>	<u>\$2,912,243</u>	\$1.05
4	Total	8,098,516	100.0%	\$8,511,393	

4.7. Usage Rates – \$/HCF Maximum Day Demand Costs

Maximum day demand costs are a component of the District's projected FY 2026 revenue requirement. As noted in Section 3.3 in this report, a key factor in the allocation of the revenue requirement to cost causation components is the relationship between base, maximum day, and maximum hour demand. Maximum day demand is the maximum amount of water used in a single day in a year. Maximum hour demand is the maximum usage in one hour on the maximum day. To meet maximum day and maximum hour demands, utilities must incur greater system capacity costs to design, construct, maintain, and replace system facilities. For example, water treatment facilities are often used to provide water to meet both base and maximum day demand. Similarly, pumping, transmission, and distribution facilities are often used to meet base, maximum day, and maximum hour demands.

The estimated FY 2026 revenue requirement for maximum day demand is \$3,702,717. Table 4-7 shows the allocation of maximum day demand costs to each of the District's three recommended consumption tiers. There is no difference in the cost of system capacity to serve maximum day demand in each consumption tier. As shown in Column E, the unit cost of service for maximum day demand is \$0.46/HCF in each of the recommended consumption tiers.

Table 4-7: FY 2026 \$/HCF Maximum Day Demand Costs

	A	B	C	D	E
Line	Consumption Tier	FY 2026 Billed Consumption (HCF)	% of Total	FY 2026 Maximum Day Demand Costs	FY 2026 \$/HCF Unit Cost of Service
1	Tier 1 (0 - 10 HCF)	2,461,151	30.4%	\$1,125,261	\$0.46
2	Tier 2 (11-- 30 HCF)	2,866,392	35.4%	\$1,310,541	\$0.46
3	Tier 3 (> 30 HCF)	<u>2,770,974</u>	<u>34.2%</u>	<u>\$1,266,915</u>	\$0.46
4	Total	8,098,516	100.0%	\$3,702,717	

4.8. Usage Rates – \$/HCF Maximum Hour Demand Costs

Maximum hour demand costs are a component of the District's projected FY 2026 revenue requirement. The estimated FY 2026 revenue requirement for maximum hour demand is \$1,115,112. Table 4-8 shows the allocation of maximum hour demand costs to each of the recommended consumption tiers. There is no difference in the cost of system capacity to serve maximum hour demand in each consumption tier. As shown in Column E, the unit cost of service for maximum hour demand is \$0.14/HCF in each of the recommended consumption tiers.

Table 4-8: FY 2026 \$/HCF Maximum Day Demand Costs

	A	B	C	D	E
Line	Consumption Tier	FY 2026 Billed Consumption (HCF)	% of Total	FY 2026 Maximum Day Demand Costs	FY 2026 \$/HCF Unit Cost of Service
1	Tier 1 (0 - 10 HCF)	2,461,151	30.4%	\$338,884	\$0.14
2	Tier 2 (11 0- 30 HCF)	2,866,392	35.4%	\$394,683	\$0.14
3	Tier 3 (> 30 HCF)	<u>2,770,974</u>	<u>34.2%</u>	<u>\$381,545</u>	\$0.14
4	Total	8,098,516	100.0%	\$1,115,112	

4.9. Usage Rates – \$/HCF Summary Calculation

Table 4-9 shows the summary calculation of proposed FY 2026 usage rates. Proposed FY 2026 usage rates are shown in Column G. Note that the only differentiator in the final calculated \$/HCF usage rates (Column G) is associated with the water supply costs (Column B). The \$/HCF unit cost of service for electric power does not vary by tier (Column C). Further, the \$/HCF unit cost of service for the capacity costs to meet base demand (Column D), maximum day demand (Column E), and maximum hour demand (Column F) also do not vary by tier.

Table 4-9: Summary Calculation of Proposed FY 2026 Usage Rates (\$/HCF)

	A	B	C	D	E	F	G = (Sum of B through F)	H	I	J
Line	Tier	Supply	Power	Base	Max Day	Max Hour	Proposed FY 2026	Existing	\$ Difference	% Difference
1	Tier 1 (10 hcf)	\$0.09	\$0.59	\$1.05	\$0.46	\$0.14	\$2.33	\$2.13	\$0.20	9.3%
2	Tier 2 (11-30 hcf)	\$0.30	\$0.59	\$1.05	\$0.46	\$0.14	\$2.54	\$2.30	\$0.24	10.2%
3	Tier 3 (>30hcf)	\$0.49	\$0.59	\$1.05	\$0.46	\$0.14	\$2.73	\$2.53	\$0.20	7.9%

4.10. Proposed FY 2026 – FY 2030 Rates

Tables 4-10, 4-11, and 4-12 show a projection of proposed rates for the period FY 2026 – FY 2030. The FY 2026 rates shown in these tables are based on the FY 2026 cost of service analysis described in this report. The proposed rates for FY 2027 – FY 2030 are based on the financial planning rate revenue increases shown in Table 1-4 (Line 2) and Table 2-10 (Line 1).

Table 4-10: Proposed FY 2026 – FY 2030 Usage Rates (\$/HCF)

Line	A Consumption Tier	B Current	C FY 2026	D FY 2027	E FY 2028	FY 2029 FY 2029	G FY 2030
1	Existing Tiers						
2	Tier 1 (0 - 10 HCF)	\$2.13					
3	Tier 2 (11 - 50 HCF)	\$2.30					
4	Tier 3 (> 50 HCF)	\$2.53					
5							
6	Recommended Tiers						
7	Tier 1 (0 - 10 HCF)		\$2.33	\$2.50	\$2.69	\$2.89	\$3.11
8	Tier 2 (11 - 30 HCF)		\$2.54	\$2.73	\$2.93	\$3.15	\$3.39
9	Tier 3 (> 30 HCF)		\$2.73	\$2.93	\$3.15	\$3.39	\$3.65

Table 4-11: Proposed FY 2026 – FY 2030 Monthly Service Charges

Line	A Meter Size	B Current	C FY 2026	D FY 2027	E FY 2028	F FY 2029	G FY 2030
1	5/8"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
2	3/4"	\$22.21	\$23.82	\$25.60	\$27.52	\$29.59	\$31.80
3	1"	\$33.07	\$33.07	\$35.55	\$38.22	\$41.08	\$44.16
4	1 1/2"	\$48.77	\$56.21	\$60.42	\$64.95	\$69.83	\$75.06
5	2"	\$67.18	\$83.97	\$90.27	\$97.04	\$104.32	\$112.14
6	3"	\$97.52	\$171.89	\$184.78	\$198.64	\$213.54	\$229.55
7	4"	\$128.56	\$287.57	\$309.14	\$332.33	\$357.25	\$384.05
8	6"	\$195.02	\$588.35	\$632.48	\$679.91	\$730.91	\$785.72
9	8"	\$261.48	\$842.85	\$906.07	\$974.02	\$1,047.07	\$1,125.61

Table 4-12: Proposed FY 2026 – FY 2030 Monthly Private Fire Line Charges

Line	A Connection Size	B Current	C FY 2026	D FY 2027	E FY 2028	F FY 2029	G FY 2030
1	5/8"	\$10.54	\$10.09	\$10.85	\$11.66	\$12.53	\$13.47
2	3/4"	\$10.54	\$10.18	\$10.95	\$11.77	\$12.65	\$13.60
3	1"	\$10.54	\$10.47	\$11.25	\$12.10	\$13.00	\$13.98
4	1 1/2"	\$15.81	\$11.49	\$12.35	\$13.28	\$14.27	\$15.34
5	2"	\$21.08	\$13.25	\$14.24	\$15.31	\$16.46	\$17.69
6	3"	\$31.62	\$19.56	\$21.02	\$22.60	\$24.30	\$26.12
7	4"	\$42.16	\$30.44	\$32.73	\$35.18	\$37.82	\$40.66
8	6"	\$63.24	\$69.51	\$74.73	\$80.33	\$86.36	\$92.83
9	8"	\$84.32	\$136.90	\$147.17	\$158.21	\$170.07	\$182.83
10	10"	\$105.40	\$238.27	\$256.14	\$275.35	\$296.00	\$318.20
11	12"	\$126.48	\$378.76	\$407.16	\$437.70	\$470.53	\$505.82

4.11. FY 2026 Single Family Residential Bill Impacts

Table 4-13 shows the estimated FY 2026 bill impacts for Single Family Residential customer from the proposed FY 2026 monthly fixed charges and \$/HCF usage rates. Note that the average monthly consumption for Single Family Residential customers is 17 HCF. The average summer consumption for Single Family Residential customers is 21 HCF.

Table 4-13: Estimated Bill Impacts Under Proposed FY 2026 Rates

	A	B	D	E	F
Line	Customer Description	Existing Bill	FY 2026 Bill	\$ Difference	% Difference
1	Single Family Residential, 5/8" or 3/4" Meter Average Monthly Consumption – 17 HCF	\$59.61	\$64.90	\$5.29	8.9%
2	Single Family Residential, 5/8" or 3/4" Meter Average Summer Consumption – 21 HCF	\$68.81	\$75.06	\$6.25	9.1%
5	Single Family Residential, 1" Meter Average Monthly Consumption – 17 HCF	\$70.47	\$74.15	\$3.68	5.2%
6	Single Family Residential, 1" Meter Average Summer Consumption – 21 HCF	\$79.67	\$84.31	\$4.64	5.8%

Appendix A

10-Year Financial Plan for the Period FY 2026 – FY 2035

10-Year Financial Plan for the Period FY 2026 – FY 2035

	A	B	C	D	E	F	G	H	I	J	K	L
Line	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2025
		Estimated	Projected									
1	Rate Revenue % Increases	0.0%	7.5%	7.5%	7.5%	7.5%	7.5%	4.5%	4.5%	4.5%	4.5%	4.5%
2												
3	Revenue at Existing Rates	\$27,894,159	\$28,683,169	\$29,345,189	\$29,965,773	\$30,661,553	\$31,364,280	\$32,096,337	\$32,837,330	\$33,597,710	\$34,377,986	\$35,178,684
4	Revenues from Rate Increases	\$0	\$1,075,619	\$3,383,867	\$5,962,018	\$8,857,602	\$12,092,474	\$15,018,871	\$17,534,736	\$20,260,001	\$23,210,404	\$26,402,834
5	Total Rate Revenues	\$27,894,159	\$29,758,787	\$32,729,056	\$35,927,792	\$39,519,155	\$43,456,754	\$47,115,208	\$50,372,067	\$53,857,711	\$57,588,391	\$61,581,518
6												
7	Other Operating Revenue	\$4,421,044	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180	\$5,106,180
8	Non-Operating Revenue	\$5,773,116	\$9,882,555	\$8,153,061	\$6,855,836	\$5,615,171	\$5,426,119	\$5,509,161	\$5,579,934	\$5,743,801	\$5,925,502	\$6,160,356
9	Total Revenues	\$38,088,319	\$44,747,522	\$45,988,297	\$47,889,808	\$50,240,506	\$53,989,053	\$57,730,549	\$61,058,181	\$64,707,693	\$68,620,073	\$72,848,054
10												
11	Operating Expenses	\$30,380,331	\$36,105,730	\$37,580,722	\$39,226,546	\$40,946,447	\$42,626,838	\$44,378,903	\$46,332,332	\$48,242,426	\$50,234,311	\$52,311,604
12	Debt Service	\$2,103,863	\$2,454,320	\$3,791,340	\$3,784,590	\$6,720,003	\$6,718,519	\$6,388,268	\$6,388,268	\$6,388,268	\$6,388,268	\$6,383,978
13	Rate Funded Capital	\$4,815,592	\$14,277,116	\$7,426,710	\$7,031,962	\$11,534,974	\$6,381,882	\$5,651,236	\$8,637,680	\$5,941,437	\$6,233,101	\$11,789,108
14	Total Expenditures	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$59,201,424	\$55,727,240	\$56,418,406	\$61,358,280	\$60,572,132	\$62,855,680	\$70,484,690
15												
16	Net Operating Cash Flow	\$788,534	(\$8,089,644)	(\$2,810,476)	(\$2,153,289)	(\$8,960,919)	(\$1,738,187)	\$1,312,143	(\$300,099)	\$4,135,561	\$5,764,393	\$2,363,364
17												
18	Debt Service Coverage	3.66	3.52	2.22	2.29	1.38	1.69	2.09	2.31	2.58	2.88	3.22
19	Target Debt Service Coverage	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
20	Variance from Target	1.91	1.77	0.47	0.54	(0.37)	(0.06)	0.34	0.56	0.83	1.13	1.47
21												
22	Water Operating Fund											
23	Beginning Balance	\$64,905,549	\$40,944,867	\$32,855,223	\$30,044,748	\$27,891,458	\$18,930,540	\$17,192,353	\$17,838,166	\$17,538,066	\$21,673,627	\$26,767,722
24	Sources of Funds	\$37,448,389	\$44,747,522	\$45,988,297	\$47,889,808	\$50,240,506	\$53,989,053	\$57,730,549	\$61,058,181	\$64,707,693	\$68,620,073	\$72,848,054
25	Uses of Funds	\$37,299,785	\$52,837,166	\$48,798,773	\$50,043,097	\$59,201,424	\$55,727,240	\$57,084,736	\$61,358,280	\$60,572,132	\$63,525,978	\$71,548,155
26	Ending Balance	\$40,944,867	\$32,855,223	\$30,044,748	\$27,891,458	\$18,930,540	\$17,192,353	\$17,838,166	\$17,538,066	\$21,673,627	\$26,767,722	\$28,067,621
27												
28	Target	\$15,190,165	\$18,052,865	\$18,790,361	\$19,613,273	\$20,473,223	\$21,313,419	\$22,189,451	\$23,166,166	\$24,121,213	\$25,117,156	\$26,155,802
29	Variance from Target	\$25,754,702	\$14,802,358	\$11,254,386	\$8,278,185	(\$1,542,684)	(\$4,121,066)	(\$4,351,286)	(\$5,628,100)	(\$2,447,586)	\$1,650,566	\$1,911,819
30												
31	Water Capital Fund											
32	Beginning Balance	\$8,706,655	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$47,564,368	\$1,495,567	\$2,171,920	\$2,209,549	\$2,248,715	\$2,959,777
33	Sources of Funds	\$26,018	\$852,465	\$980,025	\$806,116	\$51,297,622	\$981,199	\$726,353	\$87,629	\$89,165	\$761,062	\$1,183,252
34	Uses of Funds	\$16,138,408	\$2,095,000	\$3,159,757	\$2,000,000	\$21,050,000	\$47,050,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
35	Ending Balance	\$21,932,897	\$20,690,362	\$18,510,630	\$17,316,746	\$47,564,368	\$1,495,567	\$2,171,920	\$2,209,549	\$2,248,715	\$2,959,777	\$4,093,029
36												
37	Target	\$4,093,029	\$2,396,617	\$2,007,990	\$2,896,244	\$1,607,971	\$1,425,309	\$2,171,920	\$1,497,859	\$1,570,775	\$2,959,777	\$4,093,029
38	Variance from Target	\$17,839,868	\$18,293,745	\$16,502,640	\$14,420,502	\$45,956,398	\$70,258	\$0	\$711,690	\$677,940	\$0	\$0
39												
40	Total Operating and Capital Reserves											
41	Beginning	\$73,612,204	\$62,877,764	\$53,545,585	\$48,555,378	\$45,208,204	\$66,494,908	\$18,687,920	\$20,010,086	\$19,747,616	\$23,922,342	\$29,727,499
42	Ending	\$62,877,764	\$53,545,585	\$48,555,378	\$45,208,204	\$66,494,908	\$18,687,920	\$20,010,086	\$19,747,616	\$23,922,342	\$29,727,499	\$32,160,650



STAFF REPORT

DATE: December 4, 2025
TO: Board of Directors
FROM: Haydee Sainz, Human Resources & Risk Manager
SUBJECT: Proposed New Position - Geographic Information System Technician

STRATEGIC GOAL:

Strategic Goal 1 - Manage and Deliver a Safe, Reliable, and Sustainable Water Supply

B. Assess, Repair, Replace, Upgrade Aging Infrastructure

Strategic Goal 2 - Be an Exemplary Employer

A. Attract and Retain High Performing Employees

B. Prioritize Staff Development, Career Opportunities, and Succession Planning

Strategic Goal 6 – Demonstrate Effective Financial Stewardship

D. Maintain a Data Driven Approach and Financial-Based Decision-Making

MEETING HISTORY:

11/12/2025 - Human Resources Committee

BACKGROUND:

Currently, the District's Geographic Information Systems (GIS) team consists of one full-time GIS Administrator and two GIS Interns (limited to 1,000 hours per fiscal year). This structure presents a significant vulnerability, as the District relies heavily on a single individual to manage all GIS applications, data, and servers. Interns require extensive training and oversight, and their limited availability and perpetual turnover results in lost institutional knowledge and inconsistent support.

The Engineering Department further noted that the District's ability to utilize GIS tools and software is not being fully leveraged due to ongoing workload demands and staffing limitations. Many planned and routine tasks are delayed or unaddressed, and the lack of redundancy poses a risk to continuity and service reliability. Their recommendation aligns with the District's strategic goals and supports the expansion of GIS capabilities to improve efficiency, compliance, and long-term planning.

Recognizing these challenges, the Engineering Department conducted an internal evaluation of GIS staffing needs and concluded that the addition of a full-time GIS Technician is essential to support current and future operational demands. Their assessment highlighted the growing reliance on GIS for infrastructure planning, asset management, and data-driven decision-making, and emphasized that a single GIS Administrator cannot adequately support the volume and complexity of work required across all departments.

DISCUSSION:

The District's GIS function plays a critical role in supporting nearly every department by providing spatial data, mapping tools, and analytical capabilities that improve operational efficiency and decision-making. Currently, the GIS team consists of one full-time GIS Administrator and two part-time GIS Interns (limited to 1,000 hours per fiscal year). This staffing structure has proven insufficient to meet the growing demands of the District and does not provide the redundancy or resiliency needed for long-term sustainability.

GIS is far more than map-making - it is a foundational tool for infrastructure planning, asset management, customer service, and regulatory compliance. The GIS Administrator is responsible for managing all GIS applications, data, and servers, while also training and supervising interns. This workload has limited the District's ability to fully leverage its GIS investments and support strategic initiatives including the development and implementation of GIS tools which improves District-wide cost-effectiveness.

Staff prepared the GIS job description, which reflects the current requirements, duties, and responsibilities of the position. The proposed annual salary range for the classification is as follows:

- Geographic Information Systems (GIS) Range 127 - \$78,250 - \$110,573.

With the creation of the proposed full-time GIS Technician position, the two intern roles will be eliminated and no longer considered necessary for ongoing GIS operations. This change reflects a strategic shift toward building a stable, skilled, and permanent GIS team that can support the District's immediate needs and long-term goals.

FISCAL IMPACT:

The total compensation cost for the proposed full-time GIS Technician position is estimated to be between \$125,200 and \$176,917, the actual financial impact will be dependent on the candidate's placement upon hire.

To fully fund the position for the remainder of the fiscal year, a budget adjustment of approximately \$75,000 will be required assuming the position is filled promptly and placed at the lower end of the salary range. This adjustment will support the salary and benefits associated with the new role.

REQUESTED ACTION:

1. Approve the creation of a full-time Geographic Information System (GIS) Technician position; and
2. Adopt the proposed salary range for the new position as outlined in the updated salary schedule below.
3. Approve a budget adjustment of \$75,000 to fund the new GIS position.

Attachments

[New GIS Technician Final .pdf](#)
[2025-26 Salary Schedule 12.4.2025 .pdf](#)



Geographic Information Systems (GIS) Technician

Department/Division:	Engineering
Reports To:	GIS Administrator
Provides Direction To:	Not Applicable
FLSA Exemption Status:	Non-Exempt
Effective Date:	

GENERAL PURPOSE

Under general supervision, the GIS Technician performs technical duties in support of the Geographic Information System (GIS) program. This position is responsible for collecting, updating, and maintaining spatial and attribute data related to the District's water infrastructure, producing maps and exhibits, and supporting engineering, operations, and customer service teams with accurate and timely GIS data. The GIS Technician ensures data integrity and contributes to the efficient operation of the District's asset management and planning efforts.

DISTINGUISHING CHARACTERISTICS

The GIS Technician position provides technical and professional duties to the overall development, operation, and maintenance of GIS in support of District operations. The work requires public contact, the frequent use of sound judgment and good knowledge of departmental operations. Completed work is reviewed in terms of compatibility with requirements effectiveness and expected results.

ESSENTIAL FUNCTIONS

The duties listed below are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the class.

- Collects, inputs, and maintains GIS data related to the District's water infrastructure, including pipelines, valves, hydrants, meters, and easements.
- Consults with various departments regarding GIS needs and requirements, including identifying, designing and developing GIS applications and procedures integrating the GIS program with existing databases and assists with training users on how to operate applications.
- Create, update, and maintain GIS maps and related databases using ESRI ArcGIS software.
- Prepares, scans, and indexes large-format engineering documents to support GIS and recordkeeping functions.
- Creates, updates, and maintains presentation-quality maps and exhibits for meetings, reports, and public communications; produces system atlas maps for operational use.
- Performs basic spatial analysis and generates dashboards and visualizations to communicate asset performance and support decision-making.
- Conducts field verification and GPS data collection to ensure accuracy of GIS data.
- Updates asset information critical to the District's Asset Management program.

- Maintains expertise in GIS software and technologies, including emerging geospatial tools and AI applications.
- Interfaces with other departments and external agencies to support collaborative GIS projects and data sharing.
- Assists in integrating GIS data with other District systems such as asset management, work order, and conservation tracking platforms.
- Provides mapping and staffing support to the District's Emergency Operations Center during emergency response activities.
- Develops user documentation and training materials; assists staff in implementing new GIS applications or system enhancements.
- Supports conservation efforts and compliance with state initiatives such as "Conservation as a California Way of Life."
- Responds to internal and external requests for GIS data and mapping products.
- Maintains metadata and documentation for GIS layers and procedures.
- Maintain prompt and regular attendance.
- Performs other related duties, as assigned.

QUALIFICATIONS GUIDELINES

Knowledge of:

- Principles and practices of GIS, cartography, and spatial data management.
- ESRI ArcGIS software suite, including ArcMap, ArcGIS Pro, and ArcGIS Online.
- GPS data collection methods and mobile GIS applications.
- Water utility infrastructure and terminology.
- Microsoft Office applications (Word, Excel, Outlook).
- Imagery formats commonly used and the ability to manipulate imagery as required.

Ability to:

- Accurately perform basic GIS duties using the District's GIS System; perform technical research; prepare maps, graphs, and reports, interpret and analyze technical information based on District and Regulatory guidelines.
- Read and interpret engineering drawings, utility maps, and legal descriptions.
- Perform accurate data entry and quality control.
- Communicate effectively both verbally and in writing.
- Work independently and collaboratively in a team environment.
- Prioritize tasks and manage time efficiently.
- Understand basic principles of water technology and infrastructure.
- Perform highly detailed work on multiple concurrent tasks.
- Maintain confidentiality of highly sensitive information.

Minimum Qualifications

Any combination of education, training, and experience that would likely provide the knowledge, skills, and abilities to successfully perform in the position is qualifying. A typical combination includes:

Education: A Bachelor's degree in GIS, Geography, Engineering Technology, Computer Science, or a related field from an accredited college or university is required.

Substitution: In lieu of a bachelor's degree, candidates must have:

- A GIS Certificate from an accredited academic institution or recognized professional organization (e.g., ESRI), and
- A minimum of two (2) years of GIS work experience in a public utility environment.

Experience: One (1) year of experience working with GIS Software and spatial data, including mapping and database updates, preferably in a public utility or municipal environment.

Licenses, Certificates; Special Requirements:

Must possess an appropriate valid Class "C" Driver's License issued by the California State Department of Motor Vehicles, and a good driving record.

In accordance with California Government Code Section 3100, West Valley Water District employees, in the event of a disaster, are considered disaster service workers and may be asked to protect the health, safety, lives, and property of the people of the State.

PHYSICAL DEMANDS AND MENTAL DEMANDS

The physical and mental demands described here are representative of those that must be met by employees to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the incumbent is regularly required to use hands to finger, handle, feel or operate objects, tools or controls; perform repetitive movements with hands, and reach with hands and arms. Incumbent frequently is required to walk and stand, talk or hear; sit or balance, stoop, kneel, crouch or crawl. The incumbent must occasionally lift and/or move up to twenty-five (25) pounds. Performs fieldwork in varying weather conditions and terrain. Operates a motor vehicle to travel to field sites and District facilities. Work is performed in both office and field settings. Exposure to outdoor elements including heat, cold, dust, and uneven terrain. May be required to wear personal protective equipment (PPE) during field activities.

THIS POSITION MAY BE ELIMINATED, OR THE DUTIES, QUALIFICATIONS AND TRAINING REQUIRED CHANGED BY THE BOARD OF DIRECTORS AND/OR THE GENERAL MANAGER, WHEN IN THEIR JUDGEMENT, IT IS CONSIDERED NECESSARY AND PROPER FOR THE EFFICIENT OPERATION OF THE DISTRICT.

WEST VALLEY WATER DISTRICT
JOB CLASSIFICATIONS - EFFECTIVE 12/4/2025

Job Classification Title	Range No	Annual Salary		Exempt	
		Minimum	Maximum	Y = Yes = No	N
GIS Student Intern (Limited Term <1000 Hours)	107	\$ 22.96		N	
Student Intern (Limited Term <1000 Hours)	107	\$ 22.96		N	
Field Assistant (Limited Term <1000 Hours)	107	\$ 22.96		N	
Customer Service Representative I	112	\$ 54,038	\$ 76,336	N	
Meter Services Operator Assistant	112	\$ 54,038	\$ 76,336	N	
Customer Service Representative II	116	\$ 59,634	\$ 84,261	N	
Water Distribution Operator Assistant	116	\$ 59,634	\$ 84,261	N	
Meter Services Operator I	116	\$ 59,634	\$ 84,261	N	
Accounting Specialist I-Billing	119	\$ 64,230	\$ 90,750	N	
Accounting Specialist I-Accounts Payable	119	\$ 64,230	\$ 90,750	N	
Customer Service Representative III	120	\$ 65,832	\$ 93,018	N	
Water Distribution Operator I	120	\$ 65,832	\$ 93,018	N	
Meter Services Operator II	120	\$ 65,832	\$ 93,018	N	
Administrative Specialist	120	\$ 65,832	\$ 93,018	N	
Accounting Specialist II-Billing	121	\$ 67,475	\$ 95,347	N	
Accounting Specialist II-Accounts Payable	121	\$ 67,475	\$ 95,347	N	
Support Services Specialist I	122	\$ 69,160	\$ 97,718	N	
Water Production Operator I	122	\$ 69,160	\$ 97,718	N	
Payroll Specialist	123	\$ 70,886	\$ 100,173	N	
Accounting Specialist III-Billing	123	\$ 70,886	\$ 100,173	N	
Customer Service Lead	124	\$ 72,675	\$ 102,669	N	
Development Coordinator I	124	\$ 72,675	\$ 102,669	N	
Engineering Inspector I	124	\$ 72,675	\$ 102,669	N	
Water Treatment Operator I	124	\$ 72,675	\$ 102,669	N	
Water Distribution Operator II	124	\$ 72,675	\$ 102,669	N	
Meter Services Operator III	124	\$ 72,675	\$ 102,669	N	
Cross-Connection Technician	124	\$ 72,675	\$ 102,669	N	
Accounting Specialist Lead-Billing	126	\$ 76,336	\$ 107,869	N	
Water Production Operator II	126	\$ 76,336	\$ 107,869	N	
Electrical and Instrument Technician	126	\$ 76,336	\$ 107,869	N	
Geographic Information Systems (GIS) Technician	127	\$ 78,250	\$ 110,573	N	
Public Outreach And Government Affairs Representative I	127	\$ 78,250	\$ 110,573	N	
Water Conservation Specialist	127	\$ 78,250	\$ 110,573	N	
Support Services Specialist II	128	\$ 80,205	\$ 113,339	N	
Facilities Maintenance Technician	128	\$ 80,205	\$ 113,339	N	
Development Coordinator II	128	\$ 80,205	\$ 113,339	N	
Engineering Inspector II	128	\$ 80,205	\$ 113,339	N	
Water Treatment Operator II	128	\$ 80,205	\$ 113,339	N	
Water Distribution Operator III	128	\$ 80,205	\$ 113,339	N	
Lead Meter Services Operator	128	\$ 80,205	\$ 113,339	N	
Water Quality Specialist	128	\$ 80,205	\$ 113,339	N	

WEST VALLEY WATER DISTRICT
JOB CLASSIFICATIONS - EFFECTIVE 12/4/2025

Job Classification Title	Range No	Annual Salary		Exempt	
		Minimum	Maximum	Y = Yes = No	N
Cross-Connection Control Specialist	128	\$ 80,205	\$ 113,339	N	
Executive Assistant I	128	\$ 80,205	\$ 113,339	N	
Assistant Engineer	129	\$ 82,222	\$ 116,168	N	
Human Resources Specialist	129	\$ 82,222	\$ 116,168	N	
* Human Resources Specialist	Y		\$ 122,616	N	
Water Production Operator III	130	\$ 84,261	\$ 119,080	N	
Accountant	131	\$ 86,382	\$ 122,054	N	
Purchasing Analyst	131	\$ 86,382	\$ 122,054	N	
Public Outreach And Government Affairs Representative II	131	\$ 86,382	\$ 122,054	N	
Development Coordinator III	132	\$ 88,546	\$ 125,091	N	
Engineering Inspector III	132	\$ 88,546	\$ 125,091	N	
Water Treatment Operator III	132	\$ 88,546	\$ 125,091	N	
Electrical Instrumentation and Control Specialist	132	\$ 88,546	\$ 125,091	N	
Lead Water Distribution Operator	132	\$ 88,546	\$ 125,091	N	
Information Technology Specialist	132	\$ 88,546	\$ 125,091	N	
Human Resources Analyst	133	\$ 90,750	\$ 128,232	N	
Water Conservation Analyst	134	\$ 93,018	\$ 131,435	Y	
Lead Water Production Operator	134	\$ 93,018	\$ 131,435	N	
Executive Assistant II - Confidential	134	\$ 93,018	\$ 131,435	N	
Senior Public Outreach And Government Affairs Representative	135	\$ 95,347	\$ 134,722	Y	
Lead Water Treatment Operator	136	\$ 97,718	\$ 138,091	N	
Associate Engineer	137	\$ 100,173	\$ 141,544	Y	
Customer Service Supervisor	138	\$ 102,669	\$ 145,080	Y	
Support Services Supervisor	138	\$ 102,669	\$ 145,080	Y	
Development Services Supervisor	138	\$ 102,669	\$ 145,080	Y	
Water Quality Supervisor	138	\$ 102,669	\$ 145,080	Y	
GIS Administrator	140	\$ 107,869	\$ 152,422	Y	
Chief Water Systems Operator-Distribution And Meter Services	140	\$ 107,869	\$ 152,422	Y	
Board Secretary	Board Sec	\$ 103,730	\$ 146,557	Y	
Information Technology Administrator	140	\$ 107,869	\$ 152,422	Y	
Chief Water Systems Operator-Production	142	\$ 113,339	\$ 160,139	Y	
Project Manager	143	\$ 116,168	\$ 164,133	Y	
Chief Water Systems Operator-Treatment	144	\$ 119,080	\$ 168,251	Y	
Senior Engineer	149	\$ 134,722	\$ 190,362	Y	
Senior Engineer	Y		\$ 196,498	Y	
Business Systems Manager	152	\$ 145,080	\$ 204,984	Y	
Public Outreach And Government Affairs Manager	152	\$ 145,080	\$ 204,984	Y	
Finance Manager	156	\$ 160,139	\$ 226,262	Y	
Director Of Technical Services	156	\$ 160,139	\$ 226,262	Y	
Human Resources And Risk Manager	156	\$ 160,139	\$ 226,262	Y	
Director Of Engineering	160	\$ 176,758	\$ 249,766	Y	

WEST VALLEY WATER DISTRICT
JOB CLASSIFICATIONS - EFFECTIVE 12/4/2025

Job Classification Title	Range No	Annual Salary		Exempt	
		Minimum	Maximum	Y = Yes = No	N
Director Of Operations	160	\$ 176,758	\$ 249,766	Y	
Chief Financial Officer	164	\$ 195,104	\$ 275,683	Y	
Assistant General Manager	168	\$ 215,363	\$ 304,304	Y	
General Manager	GM		\$ 349,253	Y	
BOARD OF DIRECTORS (10 MEETINGS MAXIMUM) as of 10/15/2024			\$ 216.70		
BOARD OF DIRECTORS (10 MEETINGS MAXIMUM) as of 10/15/2025			\$ 227.54		

* =Y-Rate (base salary is set above the maximum for the range assigned)