MISSION SPRINGS WATER DISTRICT

Water and Wastewater Financial Plan and Rate Study

DRAFT REPORT / AUGUST 15, 2025

RAFTELIS

THIS PAGE INTENTIONALLY LEFT BLANK

RAFTELIS

August 15, 2025

Arturo Ceja
Director of Finance, MBA
Mission Springs Water District
66575 Second Street
Desert Hot Springs, CA 92240

Subject: Water and Wastewater Financial Plan and Rate Study Report

Dear Mr. Ceja:

Raftelis is pleased to provide this Water and Wastewater Financial Plan Study Report (Report) for Mission Springs Water District (District). This report presents the analyses, rationales, and methodologies utilized in the study to determine utility rates presented in this report. The study was developed with feedback and input from District staff.

The study involved a comprehensive review of the District's current water and wastewater cost requirements to determine rates that meet the District's objectives. The main objectives that informed the study include:

- Adequately recovering all costs to ensure the financial sufficiency of the District's utilities.
- Determining feasible capital financing plans for both utilities.
- Developing long-term financial plans for both utilities.
- Calculating cost of service-based rates for both utilities.
- Minimizing customer impacts from rate adjustments.

We appreciate the input provided by District staff which helped guide the final recommendations of the financial plan and resulting rates. 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

THIS PAGE INTENTIONALLY LEFT BLANK

Contents

Tables

Figures

THIS PAGE INTENTIONALLY LEFT BLANK

1. Executive Summary

1.1. Study Background

In 2022, Mission Springs Water District (District) contracted Raftelis to conduct a Water and Wastewater Rate Study (Study), which included developing long-term financial plans and cost of service rates. This report presents the three financial plans and resulting rates for the water and wastewater utilities for a five-year period to ensure fairness and equity for its customers and the financial stability of the three enterprises.

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. The main objectives that informed the Study include:

- Adequately recovering all costs to ensure the financial sufficiency of the District's utilities.
- Determining feasible capital financing plans for water and wastewater.
- Developing long-term financial plans for water and wastewater.
- Calculating cost of service-based rates for water and wastewater.
- Minimizing customer impacts from changes to the rate structures.

1.2. Current Rates

The District's current water rates were adopted on January 2, 2020, and include a monthly service charge based on meter size for water service and tiered water usage rates per hundred cubic feet (CCF) of water by customer class. Multifamily customers are charged a fixed monthly service charge per dwelling unit. Table 1-1 shows current monthly service charges, and Table 1-2 shows water usage rates by customer class.

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

	A	B
Line	Meter Size	Fixed Monthly Charge
1	3/4"	$13.63
2	1"	$22.70
3	1 1/2"	$45.39
4	2"	$72.61
5	3"	$136.10
6	4"	$226.79
7	6"	$453.56
8	Multi-Family ($ Per Unit)	$8.69

Table 1-2: Current Water Usage Rates ($/CCF)

	A	B	C
Line	Customer Class	Tier Thresholds (CCF)	Flow Charges per CCF
1	Single Family Residential		
2	Tier 1	13	$2.29
3	Tier 2	>13	$3.11
4			
5	Multi-Family Residential		
6	Tier 1	8.3 CCF per unit	$2.12
7	Tier 2	> 8.3 CCF per unit	$2.87
8			
9	Non-Residential		
10	Tier 1	All Usage	$2.72
11			
12	Irrigation		
13	Tier 1	All Usage	$4.08

The District also provides private fire protection service through private fire lines that supply fire flow to building sprinkler systems and other private fire suppression infrastructure. Rates for private fire service lines were established as part of the 2020 rate adoption and are charged based on the size of the private fire line connection as shown in Table 1-3.

Table 1-3: Current Private Fire Protection Charges

	A	B
Line	Private Fire Line Size	Fixed Monthly Charge
1	2"	$6.85
2	3"	$20.60
3	4"	$41.20
4	6"	$114.40
5	8"	$240.00
6	10"	$410.00

The current wastewater rates were implemented on Jan 2, 2020, and include a fixed monthly service charge for residential customers. Non-residential customers pay a wastewater usage rate per CCF of water usage depending on the customer classification. Table 1-4 shows the current monthly residential service charges, Table 1-5 shows the non-residential wastewater usage rates for all non-residential customer classes.

Table 1-4: Current Monthly Residential Wastewater Service Charges ($/dwelling unit)

	A	B
Line	Residential Customer Class	Wastewater Service Rate
1	Single Family	$50.16
2	Multiple Family (Per Unit)	$31.96
3	Mobile Home Park (Per Parking Space)	$31.96

Table 1-5: Current Non-Residential Wastewater Usage Rates ($/CCF)

	A	B
Line	Non-Residential Customer Class	Wastewater Usage Rate ($/CCF)
1	Retail Store	$3.83
2	Office	$3.36
3	Bar W/O Dining	$4.26
4	Car Wash	$3.45
5	Service Shops	$4.66
6	Laundromat	$3.60
7	Hospital	$3.82
8	Unclassified	$4.04
9	Commercial	$3.83
10	Repair Shop & Service Station	$4.66
11	Hotel/Motel W/O Restaurant	$4.09
12	Manufacturing	$6.08
13	Hotel/Motel W/Restaurant	$7.39
14	Market	$9.38
15	Mortuary	$9.38
16	Restaurant	$8.77
17	Beauty Shop	$3.79
18	Unclassified	$4.66
19	School (Nursery)	$3.34
20	Membership Organizations	$3.34
21	Government	$3.36
22	Park Restroom	$4.01
23	Religious Organization	$4.04
24	School	$3.48

1.3. Process and Approach

The District's rate-setting process involves participation and feedback from District staff. During the study, Raftelis met with District staff to discuss and understand the challenges both the District's utilities face and to provide guidance to finalize the rate recommendations, which are detailed in this report.

During these meetings, Raftelis presented the various assumptions, inputs, and scenario analyses that were utilized to determine the water and wastewater financial plans. District staff discussed the upcoming capital project requirements, which are some of the main drivers for the revenue adjustments in the final recommendations presented in this report. Raftelis designed and presented the financial plans and rate models to analyze various scenarios, such as those related to debt issuances, revenue adjustments, and capital funding.

The proposed financial plans detailed in this report followed industry standard practices for long-term financial planning and utilized commonly accepted assumptions in the absence of specified assumptions from the District, such as general inflation based on the Consumer Price Index (CPI). Raftelis worked closely with District staff to determine the most accurate methodology to project future revenues and expenses to reinforce sound fiscal management practices.

The cost of service analysis utilized to develop the water rates followed the guidelines for allocating costs outlined in the American Water Works Association's (AWWA) publication: Manual of Water Supply Practices M1, Principles of Water Rates, Fees, and Charges, 6th edition (AWWA Manual M1). Wastewater

rates followed the guidelines for allocating costs outlined in the Water Environment Federation (WEF) publication: Manual of Practice No. 27, Financing and Charges for Wastewater Systems, 4th edition (WEF Manual No. 27). The cost of service analysis and rate design process consists of seven major steps, as outlined below:

1. Determine the revenue requirement, equal to the revenue to be recovered from rates.
2. Functionalize operations and maintenance (O&M) expenses and capital assets into functional categories such as supply, distribution, treatment, laboratory, collection, engineering, etc.
3. Allocate each functional category into appropriate cost components for water and wastewater services:
    a. Water: Include components such as supply, base delivery, peaking, meter, and customer service.
    b. Wastewater: Include components based on flow and strength, with strength measured by biochemical oxygen demand (BOD) and total suspended solids (TSS).
4. Develop customer class characteristics and units of service by cost component.
5. Calculate the unit cost component rates by dividing the total cost in each component by the total units of service for that component. For example, wastewater service units include flow which is measured in CCF and BOD and TSS which are measured in pounds (lbs) per year.
6. Calculate the cost for each customer class by multiplying the unit cost by the units of service for each customer class.
7. Design rates to meet the District's objectives.

The financial plans for the utilities include the five-year Study period from fiscal year (FY) 2026[1] to FY 2030. The proposed rates were developed for implementation on February 21, 2026 and in January of every year thereafter until 2030.

1.4. Legal Framework

California Constitution Article XIII D, Section 6, commonly referred to as Proposition 218, was enacted in 1996 to ensure that rates and fees are reasonable and proportionate to the cost of providing service. The principal requirements for the fairness of the fees, as they relate to public wastewater service are as follows:

1. A property-related charge (such as water and wastewater rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportionate cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

Proposition 218 requires that rates cannot be "arbitrary and capricious," meaning that the rate-setting methodology must be sound and there must be a nexus between the costs and the rates charged. Raftelis follows industry standard rate setting methodologies to perform the cost of service analysis for the water utility based on the

[1] FY 2025 is the period from July 1, 2024 to June 30, 2025.

AWWA Manual M1 and for the wastewater utility based on WEF Manual No. 27. Industry-standard cost of service principles and rate setting methodologies are generally aligned with the requirements of Proposition 218. A determination of whether utility rates comply with Proposition 218 can only be made by a court of competent jurisdiction. Raftelis is not a law firm, and we offer no legal opinion on District compliance with Proposition 218.

1.5. 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 2024, the District had 13,398 potable water accounts; the top 10% of users represent 1,586 accounts and 26% of total potable water use. These large users are primarily irrigation and non-residential 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.

In FY 2024, the District had 9,755 sewer accounts; the top 10% of users represent 85 accounts and 81% of total billed sewer discharges. These large users are primarily non-residential customers. Based on the analysis completed and data and information provided by the client, the resulting rates are an efficient and fair way to allocate wastewater utility costs among those who create those costs, consistent with Proposition 218.

1.6. Results and Recommendations

Raftelis worked closely with District staff to define the final results of the Water and Wastewater Rate Study. The results presented in this report will ensure the financial sufficiency and stability of the District's utilities to fund all necessary operating costs, capital costs, and to maintain sufficient cash reserves. To minimize customer impacts due to changes in rate structure, which is a key objective that informed the Study approach, Raftelis recommends that the District maintain the same rate structure for the water and wastewater systems.

1.6.1. Water Utility

- The water O&M expenses are expected to increase, on average, by 3.3% each year of the Study based on the District's FY 2025 budget and inflationary assumptions.
- The District plans to spend approximately $63.0 million on capital projects from FY 2025 to FY 3030.
- Raftelis recommends 9.0% revenue adjustments per year in FY 2026 through FY 2030 to fund its capital project spending and to maintain a sufficient cash reserve.
- The District plans to issue two revenue bonds—$5.0 million in FY 2026 and $15.0 million in FY 2027—to fund most of the new headquarters building costs. The $5.0 million bond will be part of a larger $7.0 million revenue bond shared with the sewer fund, and the $15.0 million bond will be part of a $21.0 million revenue bond also shared with the sewer fund.

1.6.2. Wastewater Utility

- The wastewater O&M expenses are expected to increase, on average, by 4.5% each year of the Study period based on the District's FY 2025 budget and inflationary assumptions.

- The District plans to spend $45.7 million on capital projects from FY 2025 to FY 2030.
- Raftelis recommends 7.0% revenue adjustments per year in FY 2026 through FY 2030 to fund its capital project spending and to maintain a sufficient cash reserve.
- The District plans to issue two revenue bonds—$2.0 million in FY 2026 and $6.0 million in FY 2027—to fund most of the new headquarters building costs. The $2.0 million bond will be part of a larger $7.0 million revenue bond shared with the water fund, and the $6.0 million bond will be part of a $21.0 million revenue bond also shared with the water fund.

1.7. Proposed Rates

Table 1-6 and Table 1-7 show the proposed monthly water service charges and water usage rates for the District's water utility, respectively, based on the above recommendations. The proposed water rates for FY 2025 are determined by the cost of service analysis, and rates for the following years are increased from those rates based on the proposed revenue adjustments. Under column B, is a meter size has a value of N/A, it means a meter service charge was not previously established. Values are rounded to the nearest penny.

Table 1-6: Projected Monthly Water Service Charges ($/meter size)

	A	B	C	D	E	F	G
Line	Monthly Water Service Charges	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	**Water Service**						
2	3/4"	$13.63	$14.73	$16.06	$17.50	$19.08	$20.79
3	1"	$22.70	$25.61	$27.91	$30.43	$33.17	$36.15
4	1 1/2"	$45.39	$47.37	$51.63	$56.28	$61.35	$66.87
5	2"	$72.61	$73.49	$80.10	$87.31	$95.17	$103.74
6	3"	$136.10	$156.18	$170.24	$185.56	$202.26	$220.46
7	4"	$226.79	$278.06	$303.09	$330.36	$360.10	$392.50
8	6"	$453.56	$613.20	$668.39	$728.54	$794.11	$865.58
9	8"	N/A	$1,048.46	$1,142.82	$1,245.68	$1,357.79	$1,479.99
10	Multi-Family ($ Per Unit)	$8.69	$9.57	$10.43	$11.37	$12.39	$13.51
11							
12	**Private Fire Protection Service**						
13	3/4"	N/A	$4.40	$4.80	$5.23	$5.70	$6.21
14	1"	N/A	$5.02	$5.47	$5.96	$6.50	$7.09
15	1 1/2"	N/A	$7.27	$7.92	$8.64	$9.41	$10.26
16	2"	$6.85	$11.14	$12.14	$13.24	$14.43	$15.73
17	3"	$20.60	$25.02	$27.27	$29.73	$32.40	$35.32
18	4"	$41.20	$48.98	$53.39	$58.19	$63.43	$69.14
19	6"	$114.40	$134.95	$147.10	$160.33	$174.76	$190.49
20	8"	$240.00	$283.23	$308.72	$336.51	$366.79	$399.80
21	10"	$410.00	$506.27	$551.83	$601.50	$655.63	$714.64
22	12"	N/A	$815.41	$888.80	$968.79	$1,055.98	$1,151.02

Table 1-7: Proposed Water Usage Rates ($/CCF of water)

	A	B	C	D	E	F	G	H
Line	Water Usage Rates	Monthly Tiers	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Single Family Residential							
2	Tier 1	13	$2.29	$2.47	$2.69	$2.93	$3.20	$3.49
3	Tier 2	> 13	$3.11	$3.38	$3.68	$4.02	$4.38	$4.77
4								
5	Multi-Family Residential							
6	Tier 1	8.3 CCF per Unit	$2.12	$2.38	$2.59	$2.83	$3.08	$3.36
7	Tier 2	> 8.33 CCF per Unit	$2.87	$3.12	$3.40	$3.71	$4.04	$4.40
8								
9	Non-Residential							
10	Tier 1	All Usage	$2.72	$2.95	$3.22	$3.50	$3.82	$4.16
11								
12	Irrigation							
13	Tier 1	All Usage	$4.08	$4.42	$4.82	$5.25	$5.72	$6.24

Table 1-8 and Table 1-9 show the proposed monthly residential and schools wastewater service charges and non-residential water usage rates for the wastewater utility, respectively. The proposed wastewater rates are based on the cost of service analysis. Values are rounded to the nearest penny.

Table 1-8: Proposed Monthly Residential Wastewater Service Charges

	A	B	C	D	E	F	G
Line	Residential Customer Class	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Single Family	$50.16	$53.75	$57.51	$61.54	$65.85	$70.46
2	Multiple Family (per dwelling unit)	$31.96	$34.29	$36.69	$39.26	$42.01	$44.95
3	Mobile Home Park (per parking space)	$31.96	$34.27	$36.67	$39.24	$41.99	$44.93

Table 1-9: Proposed Non-Residential Wastewater Usage Rates ($/CCF of water)

	A	B	C	D	E	F	G
Line	Non-Residential Customer Class	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Retail Store	$3.83	$4.10	$4.39	$4.70	$5.03	$5.38
2	Office	$3.36	$3.60	$3.85	$4.12	$4.41	$4.72
3	Bar W/O Dining	$4.26	$4.58	$4.90	$5.24	$5.61	$6.00
4	Car Wash	$3.45	$3.72	$3.98	$4.26	$4.56	$4.88
5	Service Shops	$4.66	$5.00	$5.35	$5.72	$6.12	$6.55
6	Laundromat	$3.60	$3.87	$4.14	$4.43	$4.74	$5.07
7	Hospital	$3.82	$4.11	$4.40	$4.71	$5.04	$5.39
8	Unclassified	$4.04	$4.27	$4.57	$4.89	$5.23	$5.60
9	Commercial	$3.83	$4.12	$4.41	$4.72	$5.05	$5.40
10	Repair Shop & Service Station	$4.66	$5.00	$5.35	$5.72	$6.12	$6.55
11	Hotel/Motel W/O Restaurant	$4.09	$4.40	$4.71	$5.04	$5.39	$5.77
12	Manufacturing	$6.08	$6.53	$6.99	$7.48	$8.00	$8.56
13	Hotel/Motel W/Restaurant	$7.39	$7.94	$8.50	$9.10	$9.74	$10.42
14	Market	$9.38	$10.07	$10.77	$11.52	$12.33	$13.19
15	Mortuary	$9.38	$10.06	$10.76	$11.51	$12.32	$13.18
16	Restaurant	$8.77	$9.41	$10.07	$10.77	$11.52	$12.33
17	Beauty Shop	$3.79	$4.07	$4.35	$4.65	$4.98	$5.33
18	Unclassified	$4.66	$4.27	$4.57	$4.89	$5.23	$5.60
19	School (Nursery)	$3.34	$3.59	$3.84	$4.11	$4.40	$4.71
20	Membership Organizations	$3.34	$3.59	$3.84	$4.11	$4.40	$4.71
21	Government	$3.36	$3.61	$3.86	$4.13	$4.42	$4.73
22	Park Restroom	$4.01	$4.32	$4.62	$4.94	$5.29	$5.66
23	Religious Organization	$4.04	$4.32	$4.62	$4.94	$5.29	$5.66
24	School	$3.48	$3.74	$4.00	$4.28	$4.58	$4.90

1.8. Combined Customer Impacts

Table 1-10 outlines the proposed customer monthly impacts for a Single Family customer with a ¾" meter using 13 CCF of water each billing period. The customer impacts show the water, wastewater, and combined bill impacts. A typical Single Family customer will have water and wastewater service, and the total impact for this typical customer does not exceed $10 per month in the first year (Column B, Line 8).

Table 20-: Proposed Single Family Customer Monthly Impacts (3/4" meter, 13 CCF)

	A	B	C	D	E	F	G
Line	**Monthly Impacts**	**Existing Bill**	**Proposed February 2026**	**Proposed January 2027**	**Proposed January 2028**	**Proposed January 2029**	**Proposed January 2030**
1	Monthly Water Bill (13 CCF of water)	$43.40	$46.84	$51.06	$55.65	$60.66	$66.12
2	*Difference ($)*		*$3.44*	*$4.22*	*$4.60*	*$5.01*	*$5.46*
3							
4	Average Wastewater Charge per Month	$50.16	$53.75	$57.51	$61.54	$65.85	$70.46
5	*Difference ($)*		*$3.59*	*$3.76*	*$4.03*	*$4.31*	*$4.61*
6							
7	Combined Water and Wastewater Bill	$93.56	$100.59	$108.57	$117.19	$126.51	$136.58
8	*Difference ($)*		*$7.03*	*$7.98*	*$8.63*	*$9.32*	*$10.07*

2. Key Assumptions

The key assumptions outlined in this section of the report represent the global assumptions utilized in the Study to project the number of customer accounts, revenues, and expenses for future years. District staff provided data on customer accounts, usage, and actual revenues and expenses for FY 2024 and budgeted revenues and expenses for FY 2025. The remaining years of the Study, from FY 2026 to FY 2030, were projected based on this information and the key assumptions shown in this section.

2.1. Customer Account Growth

Table 2-1 shows the customer account growth projections for each customer class based on recommendations from District staff. The values from the 2025 Water Master Plan were maintained for this rate study cycle. This conservative value was used as a prudent fiscal practice to ensure that adequate revenues are collected to fund the District's utilities in the event that large growth does not occur.

Table 2-1: Customer Account Growth Projections

	A	B	C	D	E	F	G
Line	Customer Account Growth	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Single Family Residential	4.7%	2.1%	2.1%	2.1%	2.1%	2.1%
2	Multi-Family Residential	4.7%	2.1%	2.1%	2.1%	2.1%	2.1%
3	Non-Residential	4.7%	2.1%	2.1%	2.1%	2.1%	2.1%
4	Irrigation	4.7%	2.1%	2.1%	2.1%	2.1%	2.1%

Water demand is expected to decrease slightly over the study period due to increasing conservation efforts and improvements in water use efficiency. For this analysis, it is assumed that average water usage per customer will decline by approximately 0.1% annually from FY 2025 through FY 2030. This conservative reduction accounts for anticipated conservation programs, customer behavioral changes, and potential regulatory measures aimed at sustainable water use.

2.2. Revenue Inflation Factors

Table 2-2 shows the revenue inflation factors utilized to project future revenues and calculate investment income. Projections assume no increase in miscellaneous, non-rate revenues throughout the study period. The reserve interest rate is used to calculate the investment income based on projected fund balances and is based on conservative estimates.

Table 2-2: Revenue Inflation Factors

	A	B	C	D	E	F	G
Line	Revenue Inflation Factors	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Non-Rate Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Reserve Interest Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

2.3. Expense Inflation Factors

Table 2-3 shows the expense inflation factors, which are used to project future operating and capital project expenses for the study period. These factors were determined with input from District staff and reference industry standard escalations and commonly used price indices. The general inflation factor is based on the long-term change in the CPI. Water supply and chemical costs are based on industry averages. The utilities inflation factor is based on projected increases in electricity costs from Southern California Edison. The capital inflation factor is based on the Engineering News Record Construction Cost Index (CCI).

Table 2-3: Expense Inflation Factors

	A	B	C	D	E	F	G
Line	Expense Inflation Factors	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	General	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
2	Salary/Benefits	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
3	Utilities	7.5%	7.5%	5.0%	5.0%	5.0%	5.0%
4	Capital	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
5	No Inflation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

3. Water – Financial Plan

This section of the report details the water enterprise's long-term financial plan, based on projected revenues, expenses, debt service, and capital project costs. Raftelis modeled the financial plan without revenue adjustments (status quo) and with proposed revenue adjustments to ensure the financial sustainability and solvency of the water utility. The results of the water financial plan are the proposed rates for five years, based on the proposed revenue adjustments.

3.1. Projected Revenues

District staff provided the actual FY 2024 revenues and budgeted FY 2025 revenues for the water utility, which were used to project revenues for FY 2026 through FY 2030. Table 3-1 shows the projected water revenues the water fund.

The water rate revenues (Lines 3-6) are calculated for future years based on the weighted customer account growth assumptions for each customer class (Table 2-1). The District expects modest increases in water rate revenues for all years of the study period due to growth. The interest income (Line 34) is calculated using the reserve interest rate (Table 2-2, Line 2). Grants are projected conservatively, including only those that have been awarded or are in the contract process, despite several other applications being outstanding. The remaining revenues are inflated using the non-rate revenue inflation factor (Table 2-2, Line 1).

Table 3-1: Projected Water Revenues

	A	B	C	D	E	F	G
Line	Projected Revenues	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Operating Revenues**						
2	**Service Charges**						
3	Meter Charges	$3,422,889	$3,494,770	$3,568,160	$3,643,091	$3,719,596	$3,797,707
4	Fire Line	$331,768	$331,768	$331,768	$331,768	$331,768	$331,768
5	Consumption Charges	$9,530,484	$9,720,894	$9,915,108	$10,113,201	$10,315,253	$10,521,342
6	**Subtotal - Service Charges**	**$13,285,141**	**$13,547,431**	**$13,815,035**	**$14,088,060**	**$14,366,617**	**$14,650,817**
7							
8	**Other Operating Revenue**						
9	DWA Assessment Collected	$1,462,655	$1,669,391	$1,702,744	$1,736,763	$1,771,461	$1,806,853
10	Standby Charges	$192,000	$192,000	$192,000	$192,000	$192,000	$192,000
11	Backflow Maintenance Fees	$103,248	$103,248	$103,248	$103,248	$103,248	$103,248
12	Consumption Charge Landscape	$0	$0	$0	$0	$0	$0
13	Delinquent Charges	$612,000	$612,000	$612,000	$612,000	$612,000	$612,000
14	Enersponse Utility Rebates	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
15	Fire Flow Charges	$149,724	$149,724	$149,724	$149,724	$149,724	$149,724
16	Fire Flow Testing	$10,200	$10,200	$10,200	$10,200	$10,200	$10,200
17	Lien Fees Recording/Release	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
18	Meter Charge Landscape & Irrigation	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
19	New Meter Install (3 X 380/Mo)	$120,000	$120,000	$120,000	$120,000	$120,000	$120,000
20	R.P. Devices & Dbl Check Ins (15X505)	**$7,560**	$7,560	$7,560	$7,560	$7,560	$7,560
21	Reconnect/Disconnect Fees	$74,400	$74,400	$74,400	$74,400	$74,400	$74,400
22	Returned Check Service Charges	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000
23	Temp Construction Meter Install (150/Mo)	**$2,520**	**$2,520**	**$2,520**	**$2,520**	**$2,520**	**$2,520**
24	Unauthorized Water Use Penalty	$2,400	$2,400	$2,400	$2,400	$2,400	$2,400
25	Unreimbursable Job Expenses	-$15,000	-$15,000	-$15,000	-$15,000	-$15,000	-$15,000
26	**Subtotal - Other Operating Revenue**	**$2,758,707**	**$2,965,443**	**$2,998,796**	**$3,032,815**	**$3,067,513**	**$3,102,905**
27	**Total - Operating Revenue**	**$16,043,848**	**$16,512,874**	**$16,813,830**	**$17,120,875**	**$17,434,130**	**$17,753,722**
28							
29	**Non-Operating Revenue**						
30	Connection Fees	$370,500	$370,500	$370,500	$370,500	$370,500	$370,500
31	Property Taxes	$946,464	$946,464	$946,464	$946,464	$946,464	$946,464
32	Solar Credits	$0	$0	$0	$0	$0	$0
33	Site Rentals	$100,800	$100,800	$100,800	$100,800	$100,800	$100,800
34	Interest Income	$878,800	$135,720	$209,118	$182,408	$77,152	$0
35	Unrealized Gains/Losses	$0	$0	$0	$0	$0	$0
36	Front Footage Fees	$0	$0	$0	$0	$0	$0

	A	B	C	D	E	F	G
Line	Projected Revenues	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
37	Grants	$250,000	$2,615,098	$5,877,181	$5,079,727	$0	$0
38	**Total - Non-Operating Revenue**	**$2,546,564**	**$4,168,582**	**$7,504,063**	**$6,679,899**	**$1,494,916**	**$1,417,764**
39	**Total - Revenues**	**$18,590,412**	**$20,681,455**	**$24,317,893**	**$23,800,773**	**$18,929,046**	**$19,171,486**

3.2. Projected O&M Expenses

District staff provided the actual FY 2024 and budgeted FY 2025 O&M expenses for the water utility based on expense function. Table 3-2 shows the projected O&M expenses for the Study period, inflated for FY 2026 and beyond using the expense inflation factors (Table 2-3).

Table 3-2: Projected Water O&M Expenses

	A	B	C	D	E	F	G
Line	Projected O&M Expenses	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Benefit Pay	$393,168	$406,868	$421,074	$435,806	$451,086	$466,934
2	Fringe Benefits	$908,196	$939,540	$972,029	$1,005,708	$1,040,623	$1,076,823
3	Salaries	$1,792,284	$1,846,053	$1,901,434	$1,958,477	$2,017,231	$2,077,748
4	Other Expense	$77,600	$79,118	$80,682	$82,292	$83,951	$85,659
5	Materials	$1,654,200	$1,701,999	$1,751,259	$1,801,795	$1,853,856	$1,907,488
6	Fixed Assets	$502,000	$517,060	$532,572	$548,549	$565,005	$581,956
7	Subscriptions	$100	$103	$106	$109	$113	$116
8	Engineering	$66,000	$66,000	$66,000	$66,000	$66,000	$66,000
9	Outside Services	$1,001,255	$1,032,862	$1,065,551	$1,098,212	$1,131,898	$1,166,643
10	Replenishment	$1,481,952	$1,532,981	$1,563,914	$1,595,475	$1,627,675	$1,660,529
11	Electric Utility	$2,191,275	$2,355,621	$2,532,292	$2,658,907	$2,791,852	$2,931,445
12	Training	$37,000	$38,110	$39,253	$40,431	$41,644	$42,893
13	Standard Fee	$13,100	$13,493	$13,898	$14,315	$14,744	$15,186
14	Allocations	$6,465,859	$6,659,835	$6,859,630	$7,065,419	$7,277,381	$7,495,703
15	**Total Operating Expenses**	**$16,583,989**	**$17,189,641**	**$17,799,694**	**$18,371,494**	**$18,963,059**	**$19,575,123**

3.3. Debt Service

The District has seven active debt issuances with annual payments allocated between the water and sewer enterprises as shown in Table 3-3. Column A lists each debt issuance, with Columns B and C showing the percentage allocated to water and sewer, respectively. Annual payment amounts for each year are shown in Columns D through I. The total debt service for the water enterprise (line 9) is calculated using a sum product of the allocation percentage (Column B) and annual payments shown in columns D through I.

Table 3-3: Existing Water Debt Service

	A	B	C	D	E	F	G	H	I
Line	Existing Debt Service	Water	Sewer	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	AD #7	100%	0%	$16,580	$0	$0	$0	$0	$0
2	USDA	100%	0%	$18,854	$18,954	$18,930	$18,890	$18,930	$18,850
3	Rio Vista	100%	0%	$24,382	$24,382	$24,382	$24,382	$24,382	$24,382
4	SRF	78%	22%	$302,510	$302,510	$302,510	$302,510	$302,510	$302,510
5	City National	78%	22%	$91,846	$91,846	$91,846	$91,846	$91,846	$91,846
6	BBVA	78%	22%	$0	$0	$0	$0	$0	$0
7	City National REFI	78%	22%	$290,000	$290,000	$106,000	$53,000	$0	$0
8	Total - Existing Debt Service			$744,172	$727,692	$543,668	$490,628	$437,668	$437,588
9	**Total - Existing Water Debt Service**			**$593,614**	**$577,134**	**$433,590**	**$392,210**	**$350,910**	**$350,830**

To fund part of the water capital program, the District plans on issuing bonds in FY 2026 and FY 2027. The bonds have a 30-year term at 5.0% interest and have a 2.0% issuance cost. The proposed loan proceeds would be used to fund most of the new utility headquarters building. The proposed annual debt service is shown in Table 3-4.

Table 3-4: Proposed Water Debt Service

	A	B	C	D	E	F	G
Line	**Proposed Debt Service**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
1	Proposed Loan Issuance	$0	$5,102,041	$15,306,122	$0	$0	$0
2	Loan Proceeds	$0	$5,000,000	$15,000,000	$0	$0	$0
3							
4	**Annual Debt Service**						
5	FY 2025 Bond Issuance	$0	$0	$0	$0	$0	$0
6	FY 2026 Bond Issuance		$331,895	$331,895	$331,895	$331,895	$331,895
7	FY 2027 Bond Issuance			$995,685	$995,685	$995,685	$995,685
8	FY 2028 Bond Issuance				$0	$0	$0
9	FY 2029 Bond Issuance					$0	$0
10	FY 2030 Bond Issuance						$0
11							
12	**Total - Proposed Debt Service**	**$0**	**$331,895**	**$1,327,580**	**$1,327,580**	**$1,327,580**	**$1,327,580**

3.4. Capital Projects

District staff provided the capital improvement plan (CIP) for the water utility for the Study period. Table 3-5 shows the CIP costs for the Study period, escalated by the capital expense inflation factor (Table 2-3, Line 4) to determine CIP costs in future years' dollars. Projects are funded through a combination of water rate revenues, cash reserves, and bond proceeds.

Table 3-5: Inflated Water Capital Projects

	A	B	C	D	E	F	G	H
Line	Capital Projects (Inflated)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025-30 Total
1	Well # 42 (near to existing well # 22)	$0	$2,111,403	$0	$0	$0	$0	**$2,111,403**
2	1530 ZONE Redbud tank #2 Land and Const	$0	$9,664	$0	$0	$0	$0	**$9,664**
3	Chromium 6 Compliance Study	$181,360	$520,000	$0	$5,624,320	$0	$0	**$6,325,680**
4	Block Wall/Fence at Terrace Reservoir	$0	$208,354	$0	$0	$0	$0	**$208,354**
5	Modular Enclosure-Chlorine Equipment/Well Sites	$35,763	$0	$0	$0	$0	$0	**$35,763**
6	Terrace Reservoir No. 1	$0	$0	$2,945,927	$0	$0	$0	**$2,945,927**
7	Terrace Reservoir No. 2	$0	$0	$3,009,104	$0	$0	$0	**$3,009,104**
8	Terrace Reservoir No. 3	$0	$0	$2,520,647	$0	$0	$0	**$2,520,647**
9	Vista Reservoir Rehabilitation	$0	$0	$917,628	$0	$0	$0	**$917,628**
10	Well Rehabilitation Program - Well 22	$155,492	$832,000	$0	$0	$0	$0	**$987,492**
11	2020 Water CIP Pipeline Replacement Em. Repairs	$0	$156,000	$162,240	$168,730	$175,479	$182,498	**$844,946**
12	Well and Reservoir Sites Security Cameras	$50,000	$179,616	$0	$0	$0	$0	**$229,616**
13	Emergency Backup Generator Well 27/31	$0	$0	$0	$437,732	$0	$0	**$437,732**
14	Emergency Backup Generator Well 32	$0	$0	$0	$313,347	$0	$0	**$313,347**
15	Emergency Backup Generator Well 37	$0	$0	$0	$313,305	$0	$0	**$313,305**
16	Pierson Boulevard Slurry Seal Project – Utility Raising	$0	$190,320	$0	$0	$0	$0	**$190,320**
17	Mountain View Resurfacing Project – Utility Raising	$0	$34,320	$0	$0	$0	$0	**$34,320**
18	Well 35 Equipment Installation	$0	$0	$0	$3,415,840	$0	$0	**$3,415,840**
19	Well 34 Rehabilitation	$173,062	$0	$0	$0	$0	$0	**$173,062**
20	Well 34/35 Intertie	$0	$0	$0	$1,233,779	$0	$0	**$1,233,779**
21	New Wachs ERV-750 Valve machine	$42,000	$0	$0	$0	$0	$0	**$42,000**
22	Energy Conservation and Efficiency Plan	$71,865	$52,000	$0	$0	$0	$0	**$123,865**
23	John Deere JD210P Skip Loader	$157,300	$0	$0	$0	$0	$0	**$157,300**
24	Vacuum Excavator	$143,000	$0	$0	$0	$0	$0	**$143,000**
25	Wachs ERV-750 Valve Machine	$45,000	$0	$0	$0	$0	$0	**$45,000**
26	Walk Behind Trencher	$12,100	$0	$0	$0	$0	$0	**$12,100**

	A	B	C	D	E	F	G	H
Line	**Capital Projects (Inflated)**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2025-30 Total**
27	Water Line Replacement in Easements	$0	$0	$0	$337,459	$1,169,859	$1,216,653	**$2,723,971**
28	Chlorine Enclosures	$33,895	$35,251	$36,661	$38,127	$39,652	$0	**$183,585**
29	Gateway PLC Upgrade	$23,150	$0	$0	$0	$0	$0	**$23,150**
30	Highland Solar & Communications Upgrade	$23,442	$0	$0	$0	$0	$0	**$23,442**
31	Little Morongo Booster Install	$167,605	$0	$0	$0	$0	$0	**$167,605**
32	Low Desert View Booster Rehabilitation	$69,304	$0	$0	$0	$0	$0	**$69,304**
33	Qual Altitude Valve Upgrade	$40,033	$0	$0	$0	$0	$0	**$40,033**
34	SCADA Server Upgrade	$24,341	$0	$0	$0	$0	$0	**$24,341**
35	Terrace Cla-Val Replacement	$0	$117,122	$0	$0	$0	$0	**$117,122**
36	GIS ESRI - SBITA	$140,000	$0	$0	$0	$0	$0	**$140,000**
37	GIS Cityworks - SBITA	$270,000	$0	$0	$0	$0	$0	**$270,000**
38	M-2 Waterline Replacement	$0	$701,281	$3,136,640	$0	$0	$0	**$3,837,921**
39	Well 28 Rehabilitation	$0	$832,000	$0	$0	$0	$0	**$832,000**
40	Well 30 Rehabilitation	$0	$832,000	$0	$0	$0	$0	**$832,000**
41	Well Benchmark Survey	$21,000	$0	$0	$0	$0	$0	**$21,000**
42	New HQ Building	$0	$6,240,000	$19,468,800	$0	$0	$0	**$25,708,800**
43	Future CIP	$0	$0	$0	$0	$0	$3,041,632	**$3,041,632**
44	**Total - Inflated CIP**	**$1,879,712**	**$13,051,330**	**$32,197,647**	**$11,882,638**	**$1,384,989**	**$4,440,783**	**$64,837,100**

Table 3-6 shows the proposed capital financing plan for the water utility. The inflated project costs shown on Line 9 reflect the total project costs summarized in Table 3-5, Line 44. Capital improvement expenditures will be funded through a combination of rate revenue, reserves, and bond proceeds.

- Line 1 displays the beginning capital reserve fund balance for each fiscal year.
- Line 3 reflects anticipated bond proceeds.
- Lines 6 through 8 detail the capital funding sources—rate revenue, reserves, and bonds.
- Line 11 shows the ending capital reserve fund balance by fiscal year.

Table 3-6: Proposed Water Capital Financing Plan

	A	B	C	D	E	F	G
Line	**Capital Financing Plan**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
1	Capital Reserves	$27,873,747	$25,994,035	$17,942,705	$745,058	$0	$0
2							
3	Bond Proceeds	$0	$5,000,000	$15,000,000	$0	$0	$0
4							
5	**Capital Financing**						
6	Reserve Funded	$1,879,712	$13,051,330	$17,942,705	$745,058	$0	$0
7	Loan Funded	$0	$0	$14,254,942	$0	$0	$0
8	Rate Funded	$0	$0	$0	$11,137,580	$1,384,989	$4,440,783
9	**Total - Capital Financing**	**$1,879,712**	**$13,051,330**	**$32,197,647**	**$11,882,638**	**$1,384,989**	**$4,440,783**
10							
11	Ending Capital Reserves	$25,994,035	$17,942,705	$745,058	$0	$0	$0

Table 3-7 shows the projected water financial plan without revenue adjustments (also referred to as status quo). Rate revenues and other revenues are derived from projected revenues (Table 3-1). O&M expenses (line 8) are derived from projected O&M expenses (Table 3-2); existing debt service is from the annual debt service payments for outstanding debt (Table 3-3); rate-funded capital projects (Line 13) are from the capital financing plan (Table 3-6, Line 8).

The net cash flow (Line 16) is calculated by subtracting O&M expenses (Line 8) and debt and capital costs (Line 14) from the total revenues (Line 6). Net operating revenue (Line 17) is equal to total revenues (Line 6) less O&M expenses (Line 8). Debt coverage (Line 19) is calculated by dividing the net operating revenue (Line 17) by the total debt service (Lines 11 and 12), which is well over the minimum required debt coverage of 1.20 (Line 35) until FY 2028, but then falls below the threshold in FY 2029 and FY 2030.

Net cash flow is negative for the last three years of the rate study, which means that the water utility does not have enough revenue from rates to fund its operating expenses, debt, and capital costs. If there are no revenue adjustments for the water utility, the fund cash balance (Line 38) will be depleted by FY 2030.

Table 3-7: Projected Water Financial Plan (Status Quo)

	A	B	C	D	E	F	G
Line	Water Financial Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Revenues**						
2	Rate Revenues	$13,285,141	$13,547,431	$13,815,035	$14,088,060	$14,366,617	$14,650,817
3	Revenue Adjustments	$0	$0	$0	$0	$0	$0
4	Investment Income	$878,800	$135,720	$209,118	$182,408	$77,152	$0
5	Other Revenues	$4,426,471	$6,998,304	$10,293,740	$9,530,306	$4,485,277	$4,520,669
6	**Total - Revenues**	**$18,590,412**	**$20,681,455**	**$24,317,893**	**$23,800,773**	**$18,929,046**	**$19,171,486**
7							
8	**O&M Expenses**	**$16,583,989**	**$17,189,641**	**$17,799,694**	**$18,371,494**	**$18,963,059**	**$19,575,123**
9							
10	**Debt and Capital**						
11	Existing Debt Service	$593,614	$577,134	$433,590	$392,210	$350,910	$350,830
12	Proposed Debt Service	$0	$331,895	$1,327,580	$1,327,580	$1,327,580	$1,327,580
13	Rate Funded Capital Projects	$0	$0	$0	$11,137,580	$1,384,989	$4,440,783
14	**Total - Debt and Capital**	**$593,614**	**$909,029**	**$1,761,170**	**$12,857,370**	**$3,063,479**	**$6,119,193**
15							
16	**Net Cash Flow**	**$1,412,809**	**$2,582,785**	**$4,757,029**	**-$7,428,090**	**-$3,097,493**	**-$6,522,830**
17	Net Operating Revenue	$2,006,423	$3,491,814	$6,518,199	$5,429,280	-$34,013	-$403,637
18							
19	**Calculated Debt Coverage**	**3.38**	**3.84**	**3.70**	**3.16**	**-0.02**	**-0.24**
20	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20
21							
22	Beginning Operating Fund Balances	$4,081,802	$5,494,611	$8,077,396	$12,834,425	$5,406,335	$2,308,843
23	Ending Operating Fund Balances	$5,494,611	$8,077,396	$12,834,425	$5,406,335	$2,308,843	-$4,213,987

Figure 3-1 shows the proposed water capital financing plan in graphical format, based on the capital projects shown in Table 3-6. The light blue bars represent the rate-funded CIP costs shown in Line 13 of Table 3-7.

Figure 3-1: Proposed Water Capital Financing Plan (Status Quo)

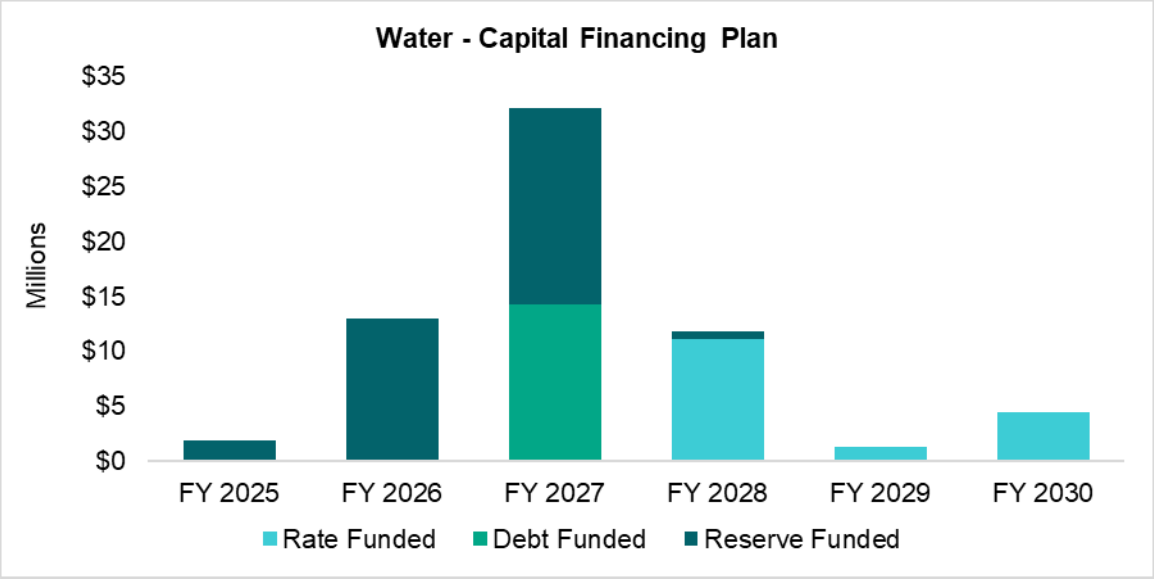


Figure 3-2 shows the projected water financial plan under the status quo scenario in graphical format. The stacked bars represent the O&M expenses (dark teal), debt service (light green), and capital projects (light teal). The gray bars show the changes to cash balances: if the gray bars are below the stacked bars, then the District will be drawing from cash reserves, and vice versa. Since the dotted line, which represents current revenues, is below the stacked bars in FY 2028 through FY 2030, it means that the District's current water revenues are not sufficient to fund its future costs.

Figure 3-2: Projected Water Financial Plan (Status Quo)

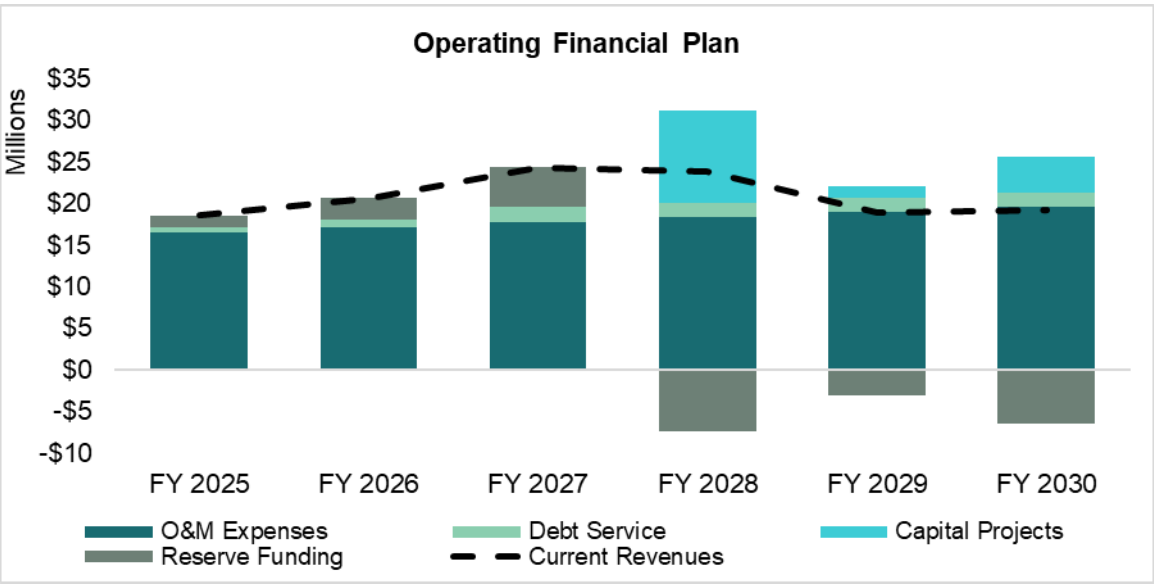


Figure 3-3 shows the total projected water fund cash balance under the status quo scenario in graphical format. Without revenue adjustments, the cash balances (shown as green bars) will be drawn down over the Study period and will be depleted by FY 2030.

Figure 3-3: Projected Water Fund Balances (Status Quo)

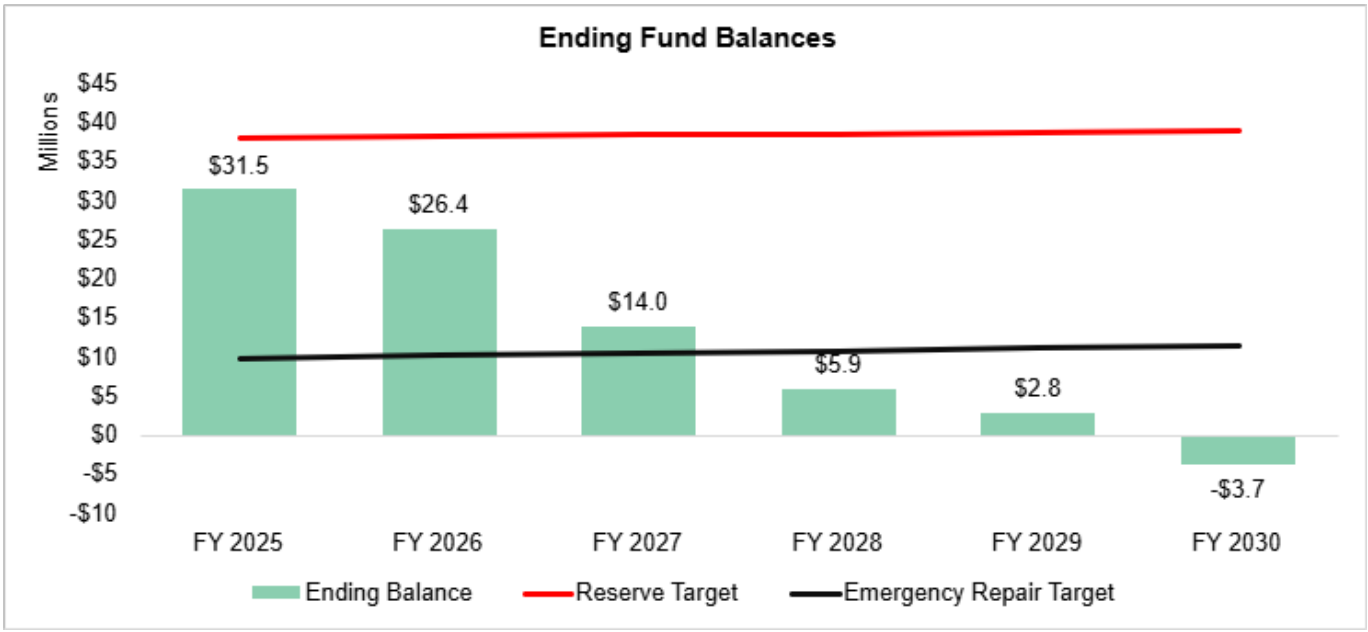
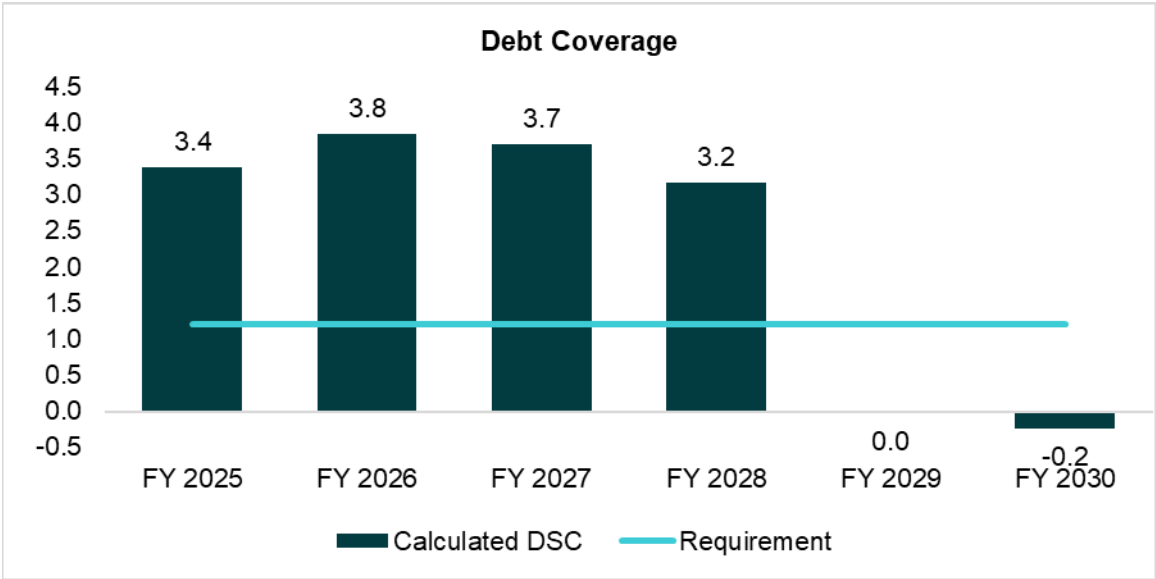


Figure 3-4 shows the projected debt coverage ratio for the water utility under the status quo scenario in graphical format. Without revenue adjustments, the water utility will be out of compliance with existing and proposed debt service covenants by FY 2029 and will not be able to meet debt service coverage requirements.

Figure 3-4: Projected Debt Coverage Ratio (Status Quo)



3.5. Proposed Financial Plan

The projected financial plan under the status quo scenario in Table 3-7 shows that the District's current water rate revenues are not sufficient to sustain financial sufficiency for the water utility beginning in FY 2029. Table 3-8 shows the proposed revenue adjustments for the study period. The first revenue adjustment is scheduled for February 21, 2026 (FY 2026). In subsequent years, revenue adjustments will occur each January.

Table 3-8: Proposed Water Revenue Adjustments

	A	B	C
Line	Fiscal Year	Revenue Adjustment	Month Effective
1	FY 2026	9.0%	February
2	FY 2027	9.0%	January
3	FY 2028	9.0%	January
4	FY 2029	9.0%	January
5	FY 2030	9.0%	January

Table 3-9 shows the projected water financial plan with the proposed revenue adjustments from FY 2025 through FY 2030. The net cash flow (Line 16) is negative for FY 2028 as the water utility draws down cash reserves to fund capital projects, minimizing rate impacts. The ending cash balance (Line 23) is positive throughout the study period.

Table 3-9: Projected Water Financial Plan (Proposed Revenue Adjustments)

	A	B	C	D	E	F	G
Line	Water Financial Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Revenues**						
2	Rate Revenues	$13,285,141	$13,547,431	$13,815,035	$14,088,060	$14,366,617	$14,650,817
3	Revenue Adjustments	$0	$508,029	$1,920,981	$3,403,175	$5,075,802	$6,960,644
4	Investment Income	$878,800	$140,852	$238,889	$266,559	$248,650	$277,299
5	Other Revenues	$4,426,471	$6,998,304	$10,293,740	$9,530,306	$4,485,277	$4,520,669
6	**Total - Revenues**	**$18,590,412**	**$21,194,616**	**$26,268,645**	**$27,288,100**	**$24,176,346**	**$26,409,429**
8	**O&M Expenses**	**$16,583,989**	**$17,189,641**	**$17,799,694**	**$18,371,494**	**$18,963,059**	**$19,575,123**
10	**Debt and Capital**						
11	Existing Debt Service	$593,614	$577,134	$433,590	$392,210	$350,910	$350,830
12	Proposed Debt Service	$0	$331,895	$1,327,580	$1,327,580	$1,327,580	$1,327,580
13	Rate Funded Capital Projects	$0	$0	$0	$11,137,580	$1,384,989	$4,440,783
14	**Total - Debt and Capital**	**$593,614**	**$909,029**	**$1,761,170**	**$12,857,370**	**$3,063,479**	**$6,119,193**
16	**Net Cash Flow**	**$1,412,809**	**$3,095,946**	**$6,707,780**	**-$3,940,764**	**$2,149,807**	**$715,113**
17	Net Operating Revenue	$2,006,423	$4,004,974	$8,468,950	$8,916,606	$5,213,287	$6,834,306
19	**Calculated Debt Coverage**	**3.38**	**4.41**	**4.81**	**5.18**	**3.11**	**4.07**
20	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20
22	Beginning Operating Fund Balances	$4,081,802	$5,494,611	$8,590,557	$15,298,337	$11,357,573	$13,507,381
23	Ending Operating Fund Balances	$5,494,611	$8,590,557	$15,298,337	$11,357,573	$13,507,381	$14,222,493

Figure 3-5 graphically presents the proposed financial plan, which incorporates the revenue adjustments detailed in Table 3-8. In contrast, Table 3-7 outlines the projected financial plan under the status quo scenario, revealing that the District's current water rate revenues are insufficient to sustain financial sufficiency for the water utility beginning in FY 2029. Table 3-8 shows the proposed revenue adjustments for the study period. The first revenue adjustment is scheduled for February 21, 2026 (FY 2026). In subsequent years, revenue adjustments will occur each January. The proposed revenues shown as the solid black line, along with the draw down of the reserves (gray bars), allow the District to fund its operating and capital costs for the study period.

Figure 3-5: Projected Water Financial Plan (Proposed Revenue Adjustments)

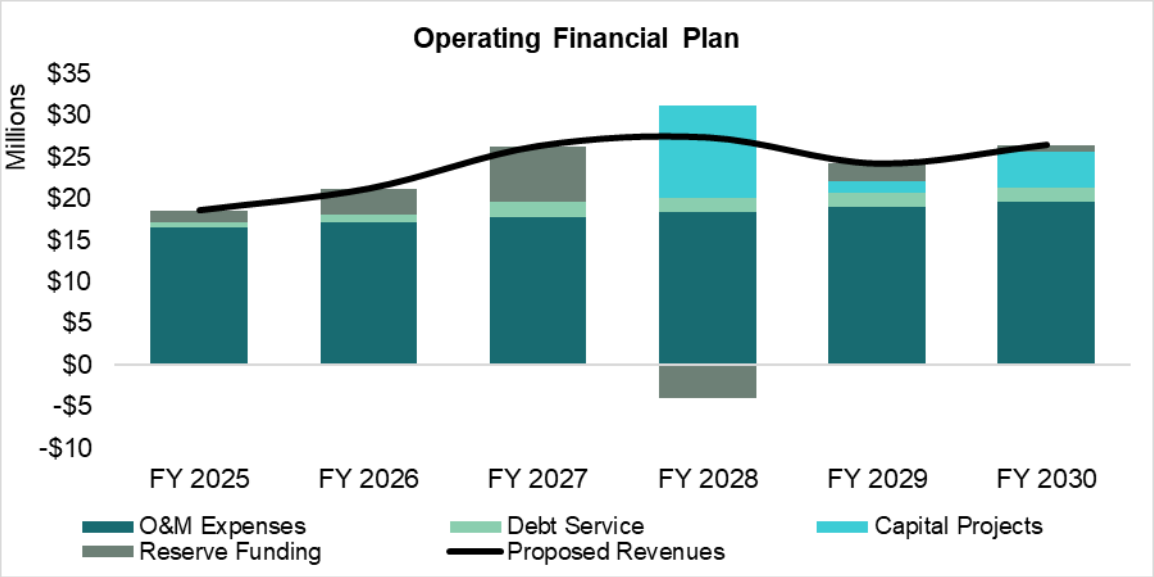


Figure 3-6 shows the projected water fund balances with the proposed revenue adjustments in the projected financial plan under the status quo scenario in Table 3-7. The unrestricted reserves, or cash balance, are comprised of operating and capital reserves. The green bar represents the unrestricted cash balance available to finance operating expenses and capital projects. While the unrestricted reserves are being drawn down through the study period, the ending balance remains at or above target through FY 2030.

Figure 3-6: Projected Water Fund Balances (Proposed Revenue Adjustments)

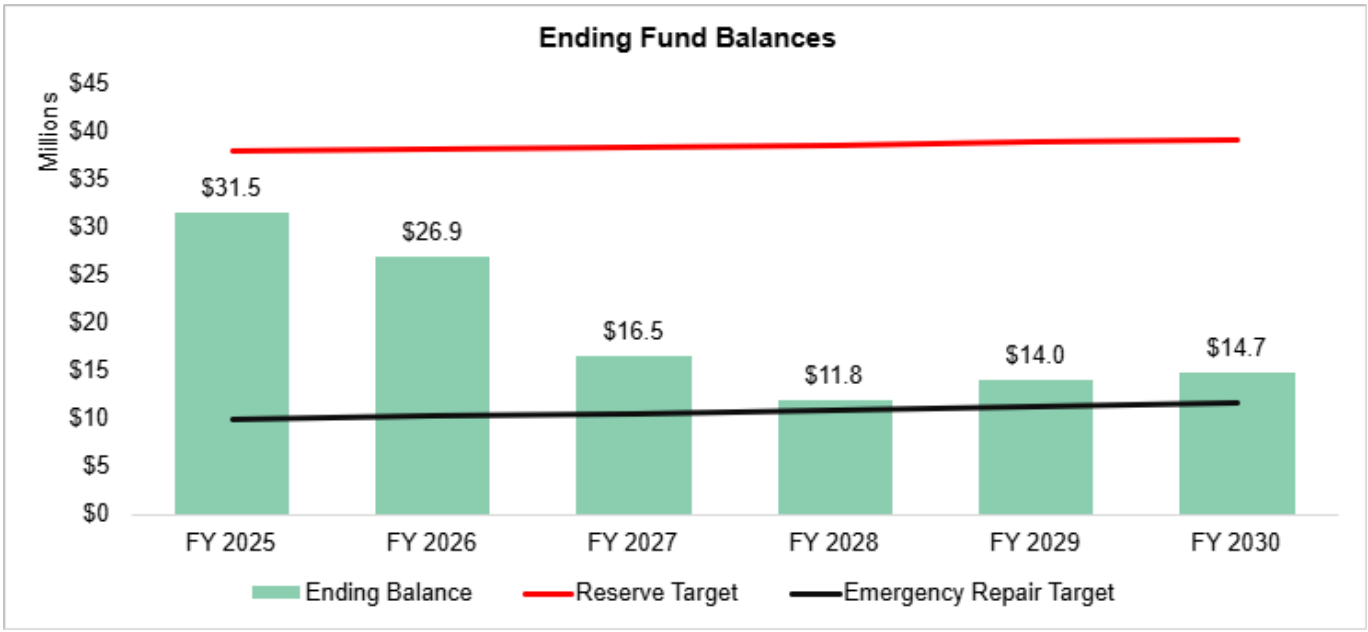
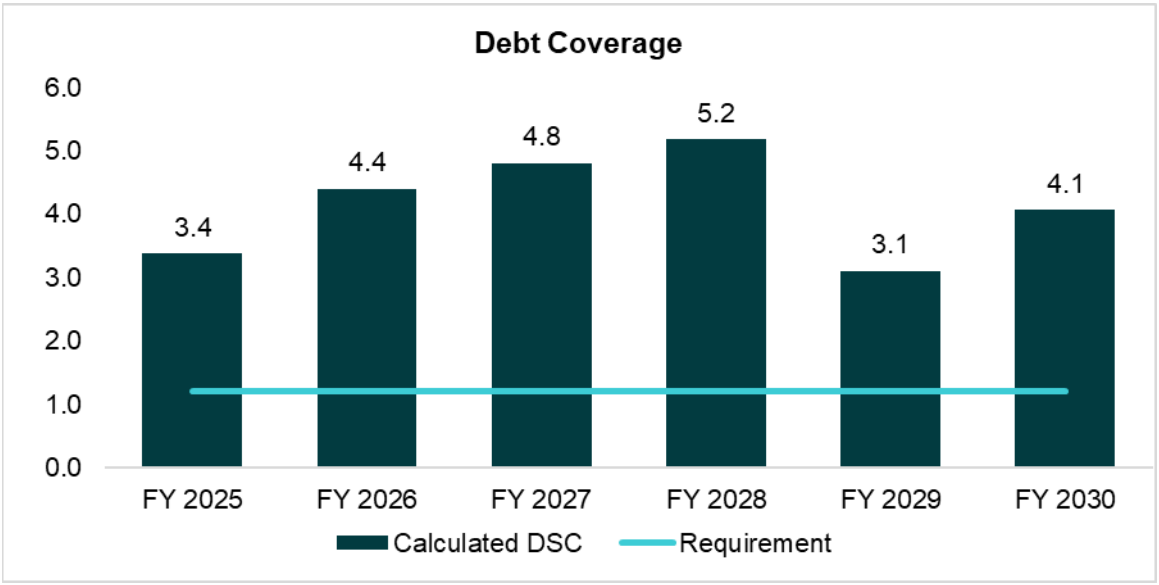


Figure 3-7 shows the projected debt coverage ratio for the water utility with the proposed revenue adjustments in graphical format. With revenue adjustments, the water utility will be compliant with existing and future proposed debt service covenants through the entire study period.

Figure 3-7: Projected Debt Coverage (Proposed Revenue Adjustments)



4. Water – Cost of Service Analysis and Rates

This section of the report details the cost of service analysis and rate calculation process to determine the proposed water rates. The goal of this process is to determine the cost of providing water service to each of the District's water customer classes and to ensure equity and fairness among the various classes.

4.1. Process and Approach

The cost of service analysis utilized to develop the water rates followed the guidelines for allocating costs outlined in the AWWA Manual M1. The cost of service analysis and rate design process consists of seven major steps, as outlined below:

1. Determine the revenue requirement, equal to the revenue to be recovered from rates
2. Functionalize O&M expenses and capital costs into functional categories such as supply, pumping, transmission & distribution, customer service & billing, etc.
3. Allocate each functional category into cost components such as supply, meters, customer service, conservation, base demand, etc.
4. Develop customer class characteristics and units of service by cost component
5. Calculate the cost component unit rates by dividing the total cost in each cost component by the total units of service for that component. For example, base demand costs are divided by the annual water demand and customer billing costs are divided by the annual number of bills.
6. Calculate the cost for each customer class by multiplying the unit cost by the units of service for each customer class.
7. Design rates to meet District's objectives.

4.2. Revenue Requirement

The first step of the cost of service analysis is to determine the revenue requirement for the test year, or rate-making year. The test year of this study is FY 2026. Table 4-1 shows the revenue requirement calculations for the water utility. The revenue requirement reflects the amount of rate revenue that must be recovered from customers and is an outcome of the financial planning process described in Section 3. The total FY 2026 revenue requirement is $14,766,700 as shown in Column D, Line 14.

The gross revenue requirements (Lines 2-4) are equal to the O&M expenses and debt and capital costs for FY 2026 (Table 3-9, Column C, Lines 23 and 29). The revenues from other sources (Line 10), also known as non-rate revenues or revenue offsets are shown in Table 3-9, on Lines 4 and 5. The Adjustment for Net Operating Cash Flow (Line 15) is equal to the positive value of net cash flow (Table 3-9, Column C, Line 31).

Line 16 reflects the rate revenue shown in Table 3-9, Column C, Lines 2 and 3, which represents the partial-year impact of the 5.0% revenue adjustment taking effect partway through FY 2026. Line 19 introduces a mid-year adjustment to normalize the revenue requirement, ensuring it reflects what the total revenue would have been if the 5.0% increase had been in effect for the full 12 months of the fiscal year. This adjustment allows for an accurate comparison of annualized revenue needs and aligns the FY 2026 revenue requirement with a full-year implementation scenario.

The revenue to be recovered from rates (Line 19) 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. Note that the total revenue requirement (Column D, Line 19) is equal to rate revenues for a full year of the revenue adjustment for FY 2026.

Table 4-1: Water Revenue Requirement Calculation

	A	B	C	D
Line	Revenue Requirement Calculation	Operating	Capital	Total
1	**Revenue Requirements**			
2	O&M Expenses	$17,189,641		$17,189,641
3	Debt Service		$909,029	$909,029
4	**Total Revenue Requirement**	**$17,189,641**	**$909,029**	**$18,098,670**
5				
6	**Revenue Offsets**			
7	Other Operating Revenues	$2,965,443		
8	Non-Operating Revenues	$4,032,862		
9	Interest Income		$139,825	$139,825
10	**Total Revenue Offsets**	**$6,998,304**	**$139,825**	**$7,138,130**
11				
12	**Net Revenue Requirement Before Adjustment**	**$10,191,337**	**$769,203**	**$10,960,540**
13				
14	**Adjustments**			
15	Adjustment for Net Operating Cash Flow		$2,993,314	$2,993,314
16	**Net RR After Adj. for Net Operating CF**	**$10,191,337**	**$3,762,517**	**$13,953,854**
17				
18	Adjustment to Annualize Rate Increase	$812,846		
19	**Net Revenue Requirement**	**$11,004,183**	**$3,762,517**	**$14,766,700**

4.3. System Peaking Factors and Demand Ratios

One of the major factors in the allocation of the revenue requirement from rates is the determination of both total system and customer class peaking factors. 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 usage day. Different facilities, such as distribution and storage, and the capital and O&M costs associated with those facilities, are designed to meet the peak demands placed on the system by customers. The system-wide factors for maximum day and maximum hour were provided by the District's 2025 Water Master Plan Update. Maximum day and maximum hour factors are shown in Table 4-2 relative to the base factor. Base, or average daily demand, is represented by the factor of 1.00.

Table 4-2: System Peaking Factors

	A	B
Line	Allocation Factor	System Peaking Factor
1	Base	1.00
2	Max Day	1.50
3	Max Hour	2.00

The system-wide peaking factors shown in Table 4-2 are used to derive the cost causation component allocation base (i.e., system demand ratio percentages) shown in Table 4-3. The percentages shown in Table

4-3 ae used to allocate the revenue requirement components to cost causation components as discussed later in this section of the report. The numbers and calculations outlined in the following sections are rounded and may not equal the exact amounts shown.

Line 1 "Base" represents the average day demand throughout the year and is assigned a factor of 1.00.

- Base = 1.00 / 1.00 = 100%

Line 2 "Max Day" is the ratio of maximum day demand relative to base demand, or 1.50. The percentage allocated to maximum day is the incremental responsibility above base demand.

- Base = 1.00 / 1.50 = 67%
- Max Day = (1.50 – 1.00) / 1.50 = 33%

Line 3 "Max Hour" is the ratio of maximum hour demand, on the maximum day, relative to base demand. The max hour factor is 2.00.

- Base = 1.00 / 2.00 = 50%
- Max Day = (1.50 – 1.00) / 2.00 = 25%
- Max Hour = (2.00 – 1.50) / 2.00 = 25%

These factors indicate how much additional capacity is required to meet demand above average daily use. As demand, and therefore capacity, increases, so must the sizing of facilities and pipelines, which incur greater costs to construct, maintain, and replace.

To understand the interpretation of the percentages shown in columns C through E, "Base" is established as the average daily demand during the year. These allocation bases are used to assign certain functionalized costs to the cost causation components, including reservoir, transmission, treatment, and distribution functions. For example, water treatment facilities are often used to provide water to meet both base and maximum day demand. Thus, water treatment related operating and capital costs would be allocated between base and maximum day demand using the percentages shown in Line 2, Columns C and D (67% and 33%).

Table 4-3: System Demand Ratios

	A	B	C	D	E	F
Line	Allocation Factor	System Peaking Factor	Base	Max Day	Max Hour	Total
1	Base	1.00	100%	0%	0%	100%
2	Max Day	1.50	67%	33%	0%	100%
3	Max Hour	2.00	50%	25%	25%	100%
4	Average Max Day/Max Hour		58%	29%	13%	100%

4.4. Operating and Capital Cost Allocation

The next step in the cost of service analysis is to determine the operating and capital cost allocations by cost causation component. The cost components for water include:

- Base Demand
- Maximum Day Demand
- Maximum Hour Demand
- Supply

- Conservation
- Meters
- MFR Dwelling Unit
- Private Fire Protection
- Customer and Billing
- General and Administrative

Table 4-4 shows the water operating cost allocation to cost causation components which, to a large degree, are based on the system demand ratios shown in The operating costs are allocated to each cost component based on the percentage allocation (Lines 1–6) for each component. The final O&M expense allocation (Line 14) is determined by taking the weighted proportion of total operating costs by cost component based on the percentage allocations.

Table 4-4 shows the water capital cost allocation to cost causation components which, to a large degree, are based on the system demand ratios shown in The capital costs are based on the District's 10-year capital improvement program and are allocated to each cost component based on the percentage allocation (Lines 1–6) for each component. The final capital expense allocation (Line 14) is determined by taking the weighted proportion of total operating costs by cost component based on the percentage allocations.
Table 4-6 shows the water non-rate revenue allocation to causation components. The non-rate revenues were based on the District financial plan are allocated to each cost component based on the previously calculated operating and capital costs allocations shown in Table 4-4 and Table 4-5.

Table 4-4: Water Operating Cost Allocation

	A	B	C	D	E	F	G	H	I	J	K	L
Line	O&M Cost Center	Base	Max Day	Max Hour	Supply	Conservation	Meters	MFR DU	Fire Protection	Customer / Billing	General	Total
1	Conservation 201	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
2	Customer Accounts 201	3%	1%	0%	0%	0%	26%	6%	3%	59%	1%	100%
3	Engineering 201	42%	21%	2%	13%	0%	0%	0%	0%	0%	21%	100%
4	Pumping	33%	16%	15%	34%	0%	0%	0%	0%	0%	1%	100%
5	Transmission & Distribution	97%	32%	0%	0%	1%	1%	2%	2%	0%	100%	100%
6	General & Administration	0%	0%	0%	0%	18%	0%	0%	0%	0%	82%	100%
7												
8	Conservation 201	$0	$0	$0	$0	$212,216	$0	$0	$0	$0	$0	$212,216
9	Customer Accounts 201	$30,900	$15,450	$0	$0	$2,271	$270,375	$63,088	$27,038	$610,865	$10,450	$1,030,436
10	Engineering 201	$34,091	$17,045	$1,616	$10,798	$36	$0	$0	$0	$0	$17,413	$81,000
11	Pumping	$2,094,101	$1,047,051	$956,209	$2,201,208	$15,444	$0	$0	$0	$0	$71,076	$6,385,088
12	Transmission & Distribution	$2,743,301	$914,434	$0	$0	$19,699	$24,295	$58,066	$53,470	$0	$2,821,066	$2,821,066
13	General & Administration	$0	$0	$0	$0	$1,188,781	$0	$0	$0	$0	$5,471,054	$6,659,835
14	Total Operating Costs	$4,902,393	$1,993,980	$957,825	$2,212,006	$1,438,446	$294,670	$121,154	$80,507	$610,865	$8,391,060	$17,189,641
15	Operating Cost Allocation	23%	12%	6%	13%	8%	2%	0%	0%	4%	32%	100%

Table 4-5: Water Capital Cost Allocation

	A	B	C	D	E	F	G	H	I	J	K	L
Line	Function	Base	Max Day	Max Hour	Supply	Conservation	Meters	MFR DU	Fire Protection	Customer/ Billing	General	Total
1	**Percentage Allocation**											
2	Water Supply	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	100%
3	Storage	50%	25%	25%	0%	0%	0%	0%	0%	0%	0%	100%
4	Treatment	67%	33%	0%	0%	0%	0%	0%	0%	0%	0%	100%
5	Pumping	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6	T&D	67%	33%	0%	0%	0%	0%	0%	0%	0%	0%	100%
7	Distribution	50%	25%	25%	0%	0%	0%	0%	0%	0%	0%	100%
8	Meters	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
9	Conservation	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	100%
10												
11	**Dollar Allocation**											
12	Water Supply	$0	$0	$0	$14,882,970	$0	$0	$0	$0	$0	$0	$14,882,970
13	Storage	$4,346,966	$2,173,483	$2,173,483	$0	$0	$0	$0	$0	$0	$0	$8,693,932
14	Treatment	$10,423,719	$5,211,860	$0	$0	$0	$0	$0	$0	$0	$0	$15,635,579
15	Pumping	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
16	T&D	$18,324,617	$9,162,309	$0	$0	$0	$0	$0	$0	$0	$0	$27,486,926
17	Distribution	$108,000	$54,000	$54,000	$0	$0	$0	$0	$0	$0	$0	$216,000
18	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
19	Conservation	$0	$0	$0	$0	$50,000	$0	$0	$0	$0	$0	$50,000
20	G&A	$0	$0	$0	$0	$0	$0	$0	$0	$0	$24,000,000	$24,000,000
21	**Total Capital Cost**	**$33,203,303**	**$16,601,651**	**$2,227,483**	**$14,882,970**	**$50,000**	**$0**	**$0**	**$0**	**$0**	**$24,000,000**	**$90,965,407**
22	*Capital Allocation*	*37%*	*18%*	*2%*	*16%*	*0%*	*0%*	*0%*	*0%*	*0%*	*26%*	*100%*

Table 4-6: Water Non-Rate Revenue Allocation

	A	B	C	D	E	F	G	H	I	J	K	L
Line	Function	Base	Max Day	Max Hour	Supply	Conservation	Meters	MFR DU	Fire Protection	Customer/ Billing	General	Total
1	Other Operating Revenues		$687,976	$343,988	$165,238	$381,601	$244,753	$50,042	$11,676	$13,889	$105,382	$960,898
2	Non-Operating Revenues	$935,615	$467,808	$224,715	$518,959	$332,852	$68,054	$15,879	$18,888	$143,315	$1,306,776	$4,032,862
3	Interest Income	$51,038	$25,519	$3,424	$22,877	$77	$0	$0	$0	$0	$36,891	$139,825
4	Total	$1,674,629	$837,314	$393,377	$923,436	$577,682	$118,096	$27,556	$32,776	$248,697	$2,304,566	$7,138,130
5	*Allocation*	*23%*	*12%*	*6%*	*13%*	*8%*	*2%*	*0%*	*0%*	*3%*	*32%*	*100%*

4.5. Meters Counts and Equivalencies

A critical component in determining the monthly fixed charges that will be paid by water service customers is the determination of the amount of flow (gallons per minute) that can be delivered through each size of water meter. Table 4-7 shows the water meter flow equivalencies used in the cost allocation and rate design process. As noted in the table, the flow assumptions and resulting flow equivalencies[2] are based on information from the American Water Works Association.

Table 4-7: Water Meter Flow Equivalencies

	A	B	C
Line	Meter Size	Flow (gpm)	Flow Equivalency
1	.75-inch	25	1.00
2	1-inch	50	2.00
3	1.5-inch	100	4.00
4	2-inch	160	6.40
5	3-inch	350	14.00
6	4-inch	630	25.20
7	6-inch	1,400	56.00
8	8-Inch	2,400	96.00

Table 4-8 shows the number of meters and .75-inch meter equivalents projected to be served by the water utility in FY 2026. This information is used in the cost allocation process and the design of proposed monthly service charges. No meter counts or equivalent meter counts are presented for Multi-Family Residential customers because the District assesses a fixed charge on these customers using a fixed monthly charge per dwelling unit.

[2] Source: AWWA Manual M6, 5th Edition, pages 63,64,65

Table 4-8: Water Meter Counts and .75-Inch Equivalents

	A	B	C	D	E	F
Line	Meter Size	Single Family Residential	Multi-Family Residential	Non-Residential	Irrigation	Total
1	**Number of Meters**					
2	.75-inch	14,414	0	208	88	14,710
3	1-inch	323	0	144	50	516
4	1.5-inch	7	0	111	32	150
5	2-inch	11	0	92	32	134
6	3-inch	0	0	83	4	87
7	4-inch	0	0	5	2	7
8	6-inch	0	0	1	0	1
9	8-Inch	0	0	0	0	0
10	**Total – Number of Meters**	**14,755**	**0**	**642**	**207**	**15,605**
11	**Number of Equivalent Meters**					
12	.75-inch	14,414	0	208	88	14,710
13	1-inch	645	0	287	100	1,033
14	1.5-inch	29	0	443	127	598
15	2-inch	72	0	586	203	861
16	3-inch	0	0	1,156	57	1,213
17	4-inch	0	0	114	51	165
18	6-inch	0	0	63	0	63
19	8-Inch	0	0	0	0	0
20	**Total – Number of Equivalent Meters**	**15,160**	**0**	**2,857**	**626**	**18,643**

4.6. Private and Public Fire Protection Equivalencies

Water systems provide two types of fire protection: public fire protection for firefighting, generally visible as hydrants on streets, and private fire protection, which provides fire flow to building and other structure sprinkler systems for fire suppression within private improvements. To determine the share of total fire costs attributable to each, Raftelis performs an analysis of the public hydrants and private fire lines.

Table 4-9 shows the steps of allocating costs between public and private fire service. Each fire connection size has a fire flow demand factor, similar to a hydraulic capacity factor of a water meter. The diameter of the connection is raised to the 2.63 power to determine the fire flow demand factor. The number of connections of a specific size is multiplied by the fire flow demand factor to derive total equivalent fire connections. Total fire costs are allocated based on the percentage share of total equivalent fire connections between public and private.

The analysis estimates that approximately 91.7% of fire costs relate to public fire protection and will be included and recovered through the monthly fixed charges. The remaining 8.3% is attributable to private fire service and will be recovered through private fire service charges. 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 and private fire protection.

Table 4-9: Private and Public Fire Equivalent Connections

	A	B	C	D	E
Line	Private Fire Line	Flow (gpm)	Flow Equivalencies	Count	Total Equivalencies
1	.75-inch	0.47	0.00	8	0.03
2	1-inch	1.00	0.01	4	0.04
3	1.5-inch	2.90	0.03	2	0.05
4	2-inch	6.19	0.06	6	0.33
5	3-inch	17.98	0.16	1	0.16
6	4-inch	38.32	0.34	63	21.69
7	6-inch	111.31	1.00	50	50.00
8	8-Inch	237.21	2.13	41	87.37
9	10-inch	426.58	3.83	23	88.14
10	12-inch	689.04	6.19	1	6.19
11	Total			199	254.01
12	% of Total				8.3%

	Public Hydrants	Flow (gpm)	Flow Equivalencies	Count	Total Equivalencies
13	6-inch	111.31	1.00	2,800	2,800
14	% of Total				91.7%

4.7. Customer Class Units of Service

A critical step in determining the customer class cost of service is to estimate the specific maximum day and maximum hour peaking factors for each customer class. Peaking factors reflect the intensity of customer class water usage. In general customer classes with higher peaking factors are allocated more costs than customer classes with lower peaking factors.

Peaking costs represent those costs incurred to meet customer peak demands for water in excess of average day usage. Total peaking costs are subdivided into costs associated with maximum day and maximum hour demands. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum usage in an hour on the maximum usage day. Various facilities are designed to meet customer peaking needs. For example, reservoirs are designed to meet maximum day requirements and have to be designed larger than they would be if the same amount of water were being used at a constant rate throughout the year. The cost associated with constructing a reservoir is based on system wide peaking factors. For example, if the maximum day factor is 2.0, then certain system facilities must be designed larger than what would be required if the system only needed to accommodate average daily demand. In this case, half of the cost would be allocated to Base (or average day demand) and the other half allocated to Max Day. The calculation of the Max Hour and Max Day demands is explained below.

Table 4-10 shows the peaking factors used to allocate costs to the District's water customer classes. The maximum day peaking factor shown in Column B are based on billing records for FY 2024. They reflect the ratio of average daily billed consumption in the month with maximum usage divided by annual average day demand. For example, assume that the month with the highest usage for a particular customer class is August. Their monthly maximum day peaking factor would be calculated in the following manner:

- *(Total Usage in August / 31 Days) = Average Day Usage in the Maximum Month*
- *(Total Annual Usage / 364 Days) = Annual Average Day Usage*
- *Average Day Usage in the Maximum Month / Annual Average Day Usage = Maximum Day Peak*

The maximum hour peaking factors shown in Column D were estimated by multiplying the maximum day peaking factor by the ratio of total system maximum hour demand divided total system maximum day demand. For the District, this ratio is: 2.0 maximum hour/1.5 maximum day = 1.33. Using this factor to estimate maximum hour demand for each customer class serves as a proxy for the amount of extra water demand above maximum day levels imposed by each customer class on a maximum hour basis.

Table 4-10: Customer Class Peaking Factors

	A	B	C
Line	Customer Class	Maximum Day Peaking Factor	Maximum Hour Peaking Factor
1	Single Family Residential		
2	Tier 1	1.08	1.44
3	Tier 2	1.68	2.24
4			
5	Multi-Family Residential		
6	Tier 1	1.12	1.49
7	Tier 2	1.45	1.94
8			
9	Non-Residential		
10	Tier 1	1.25	1.67
11			
12	Irrigation		
13	Tier 1	1.42	1.90

4.8. Revenue Requirement Allocation

Table 4-11 shows the final allocation of the FY 2026 revenue requirement to each cost causation component. The allocation shown in Table 4-11 is based on the Line 1 allocation of operating costs (Table 4-4), the Line 2 allocation of capital costs (Table 4-5), and the Line 3 allocation of non-rate revenue offsets (Table 4-6). The key items are should also be noted in Table 4-11:

- Lines 6 and 7 show the allocation of public and private fire protection cost based on the private fire line and public hydrant equivalencies originally shown in Table 4-9.
- Lines 10 and 11 show the allocation of the mid-year adjustment (see Line 18 of Table 4-1) and net operating cash flow (see Line 15 of Table 4-1).
- Line 14 shows the allocation of General and Administrative costs to other cost causation components.
- Lines 17 and 18 show the shift of maximum day and maximum hour peaking costs to fixed charge. recovery (i.e. a recovery of the portion of volumetric peaking costs via monthly fixed charges. The adjustment allows the District to maintain a revenue recovery profile of approximately 28.5% fixed and 71.5% volumetric. The current estimated profile of revenue recovery is 28.2% fixed and 71.8% volumetric.

The final allocated net revenue requirement of $14,766,700 (Column L, Line 19) matches the revenue requirement originally shown in Column D, Line 19 of Table 4-1).

Table 4-11: Allocation of Revenue Requirement to Cost Components

		Variable					Fixed					
	A	B	C	D	E	F	G	H	I	J	K	L
Line	Revenue Requirement	Base	Max Day	Max Hour	Supply	Conser-vation	Meters	MFR DU	Private Fire	Billing	General	Total
1	Operating Revenue Requirement	$3,987,959	$1,993,980	$957,825	$2,212,006	$1,418,747	$290,074	$67,684	$80,507	$610,865	$5,569,994	$17,189,641
2	Capital Revenue Requirement	$331,805	$165,902	$22,260	$148,727	$500	$0	$0	$0	$0	$239,835	$909,029
3	Revenue Offsets	($1,674,629)	($837,314)	($393,377)	($923,436)	($577,682)	($118,096)	($27,556)	($32,776)	($248,697)	($2,304,566)	($7,138,130)
4	**Net Rev. Req. Before Fire Allocation**	**$2,645,135**	**$1,322,567**	**$586,708**	**$1,437,297**	**$841,565**	**$171,978**	**$40,128**	**$47,731**	**$362,168**	**$3,505,263**	**$10,960,540**
5												
6	Allocation of Capacity for Public Fire		($97,813)	($207,011)			$224,322	$80,503				$0
7	Allocation of Capacity for Private Fire		($8,873)	($18,780)					$27,653			$0
8	**Net Rev. Req. After the Fire Allocation**	**$2,645,135**	**$1,215,881**	**$360,916**	**$1,437,297**	**$841,565**	**$396,300**	**$120,631**	**$75,384**	**$362,168**	**$3,505,263**	**$10,960,540**
9												
10	Allocation of Net Operating Cash Flow	$702,241	$351,121	$164,959	$387,235	$242,246	$49,522	$11,555	$13,745	$104,289	$966,400	$2,993,314
11	Allocation of Mid-Year Adjustment	$190,696	$95,348	$44,795	$105,155	$65,783	$13,448	$3,138	$3,732	$28,320	$262,430	$812,846
12	**Net Rev. Req. After Adjustment**	**$3,538,073**	**$1,662,350**	**$570,671**	**$1,929,688**	**$1,149,594**	**$459,271**	**$135,324**	**$92,861**	**$494,777**	**$4,734,093**	$14,766,700
13												
14	Allocation of General & Administrative Costs	$1,669,513	$784,414	$269,283	$910,563	$542,460	$216,716	$63,855	$43,818	$233,471	($4,734,093)	$0
15	**Net Rev. Req. After G&A Allocation**	**$5,207,585**	**$2,446,764**	**$839,954**	**$2,840,251**	**$1,692,054**	**$675,987**	**$199,179**	**$136,679**	**$728,248**	**$0**	**$14,766,700**
16												
17	Max Day Shift to Fixed Cost Recovery		**($1,835,073)**				**$1,309,018**	**$330,313**	**$195,741**			**$0**
18	Max Hour Shift to Fixed Cost Recovery			**($629,965)**			**$449,375**	**$113,394**	**$67,196**			**$0**
19	**Final Net Revenue Requirement**	**$5,207,585**	**$611,691**	**$209,988**	**$2,840,251**	**$1,692,054**	**$2,434,381**	**$642,886**	**$399,617**	**$728,248**	**$0**	**$14,766,700**
20					**Variable**	**$10,561,569**			**Fixed**	**$4,205,131**		
21					**Variable %**	**71.5%**			**Fixed %**	**28.5%**		

4.9. Customer Class Units of Service

Table 4-12 shows the projected FY 2026 customer class units of service for each cost causation component (Lines 1 – 21) and the total system units of service for each cost causation component (Line 23). This information is used to calculate determine the $/unit cost of service for each cost causation component as shown in Section 4.10. The $/unit cost of service is then used to calculate the FY 2026 cost of service for each customer class as shown in Section 4.11.

Table 4-12: Total System and Customer Units of Service

					Max Day			Max Hour							
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Line	Customer Class	Annual Use (CCF)	Current Use in Tiers	Average Daily Use (CCF/day)	Peaking Factor	Total Capacity (CCF/day)	Extra Capacity (CCF/day)	Peaking Factor	Total Capacity (CCF/day)	Extra Capacity (CCF/day)	Number of Equiv. Meters	Number of Equiv. Fire Lines	Number of MF DU	Potable Accounts	Fire Bills
1	**Single Family Residential**	**2,046,840**		**5,608**	**1.27**	**7,178**	**1,570**	**1.70**	**9,570**	**2,393**	**15,160**			**14,755**	
2	Tier 1	1,361,432	67%	3,730	1.08	4,028	298	1.44	5,371	1,343					
3	Tier 2	685,408	33%	1,878	1.68	3,150	1,272	2.24	4,199	1,050					
4															
5	**Multi-Family Residential**	**753,694**		**2,065**	**1.21**	**2,507**	**442**	**1.62**	**3,342**	**836**	**0**		5,600		
6	Tier 1	538,512	71%	1,475	1.12	1,649	174	1.49	2,199	550					
7	Tier 2	215,182	29%	590	1.45	857	268	1.94	1,143	286					
8															
9	**Non-Residential**	**485,872**		**1,331**	**1.25**	**1,664**	**333**	**1.67**	**2,218**	**555**	**2,857**			**642**	
10	Tier 1	485,872	100%	1,331	1.25	1,664	333	1.67	2,218	555					
11	Tier 2														
12															
13	**Irrigation**	**342,703**		**939**	**1.42**	**1,337**	**398**	**1.90**	**1,783**	**446**	**626**			**207**	
14	Tier 1	342,703	100%	939	1.42	1,337	398	1.90	1,783	446					
15	Tier 2														
16															
17	**Private Fire**											**254**			**199**
18															
19	**Total**	**3,629,110**		**9,943**		**12,685**	**2,742**		**16,913**	**4,228**	**18,643**	**254**	**5,600**	**15,605**	**199**

4.10. $/Unit Cost of Service

Table 4-13 shows the calculation of the $/unit cost of service for each cost causation component. The unit cost of service is calculated by dividing the revenue requirement for each cost causation component (Line 19 of Table 4-11) by the unit of service show in Line 23 of Table 4-12.

Table 4-13: $/Unit Cost of Service by Cost Component

	A	B	C	D	E	F	G	H	I	J	K
Line	Unit Costs	Base	Max Day	Max Hour	Supply	Conservation	Meters	MFR DU	Private Fire	Billing	Total
1	**Cost of Service**	**$5,207,585**	**$611,691**	**$209,988**	**$2,840,251**	**$1,692,054**	**$2,434,381**	**$642,886**	**$399,617**	**$728,248**	**$14,766,700**
2											
3	**Units of Service**	**3,629,110**	**2,742**	**4,228**	**3,629,110**	**342,703**	**223,719**	**67,202**	**3,048**	**189,648**	
4		annual use (CCF)	peak capacity (CCF/day)	peak capacity (CCF/day)	annual use (CCF)	annual use (CCF)	annual equiv. meters	annual MFR DU	annual equiv. lines	annual bills	
5											
6	**Unit Cost**	**$1.43**	**$223.05**	**$49.66**	**$0.78**	**$4.94**	**$10.88**	**$9.57**	**$131.10**	**$3.84**	

4.11. Distribution of Costs to Customer Classes

Having established the total system and customer class units of service (Table 4-12) and total system $/unit cost of service (Table 4-13), the final step in the cost allocation process is to distribute costs to each customer class based on their proportionate share of demand (i.e., their proportionate units of service for each cost causation component. This is accomplished in the following manner for each cost causation component:

*Customer Class Units of Service * Total System $/Unit Cost of Service = Customer Class Cost of Service*

Table 4-14 shows the distribution of costs to each customer class. This is reflects the proportionate share of the FY 2026 revenue requirement allocated to each customer class based on their demand characteristics.

4.12. Customer Class Change in Revenue Recovery

Table 4-15 compares the projected revenue that will be collected from each customer class if current rates remain unchanged ($13,550,632 as shown in Column D, Line 6) to the projected revenue that will be collected under proposed rates ($14,766,700 as shown in Column G, Line 6). The percentage difference between these two amounts if 9.0% which matches the increase in rate revenues specified in the water utility financial plan for FY 2026 (Table 3-9).

Table 4-14: Distribution of Costs to Customer Classes

	A	B	C	D	E	F	G	H	I	J	K	L
Line	Customer Class	Base	Max Day	Max Hour	Supply	Conser-vation	Meters	MFR DU	Private Fire	Meter Customer	Fire Customers	Total COS
1	Single Family Residential	$2,937,110	$350,182	$118,820	$1,601,919	$659,901	$1,979,575			$679,934		$8,327,440
2	Tier 1	$1,953,585	$66,510	$66,681	$1,065,498	$203,046						
3	Tier 2	$983,525	$283,672	$52,138	$536,421	$456,854						
4												
5	Multi-Family Residential	$1,081,512	$98,548	$41,496	$589,864	$135,364		$642,886				$2,589,670
6	Tier 1	$772,737	$38,801	$27,303	$421,456	$16,921						
7	Tier 2	$308,776	$59,747	$14,193	$168,408	$118,444						
8												
9	Non-Residential	$697,202	$74,179	$27,541	$380,258	$253,808	$373,108			$29,593		$1,835,689
10	Tier 1	$697,202	$74,179	$27,541	$380,258	$253,808						
11												
12	Irrigation	$491,761	$88,782	$22,132	$268,210	$642,980	$81,698			$9,551		$1,605,114
13	Tier 1	$491,761	$88,782	$22,132	$268,210	$642,980						
14												
15	Private Fire								$399,617		$9,170	$408,787
16												
17	**Total**	**$5,207,585**	**$611,691**	**$209,988**	**$2,840,251**	**$1,692,054**	**$2,434,381**	**$642,886**	**$399,617**	**$719,078**	**$9,170**	**$14,766,700**

Table 4-15: Comparison to Revenue at Existing Rates versus Proposed Rates

		Projected Revenue at Existing Rates			Projected Revenue at Proposed Rates				
	A	B	C	D	E	F	G	H	I
Line	Customer Class	Fixed	Variable	Total	Fixed	Variable	Total	$ Difference	% Difference
1	Single Family Residential	$2,459,197	$5,245,074	$7,704,271	$2,659,509	$5,667,931	$8,327,440	$623,169	8.1%
2	Multi-Family Residential	$583,984	$1,759,219	$2,343,203	$642,886	$1,946,784	$2,589,670	$246,467	10.5%
3	Non-Residential	$366,554	$1,321,573	$1,688,127	$402,701	$1,432,988	$1,835,689	$147,562	8.7%
4	Irrigation	$85,035	$1,398,229	$1,483,264	$91,249	$1,513,865	$1,605,114	$121,851	8.2%
5	Private Fire	$331,768	$0	$331,768	$408,787	$0	$408,787	$77,019	23.2%
6	**Total**	**$3,826,537**	**$9,724,095**	**$13,550,632**	**$4,205,131**	**$10,561,569**	**$14,766,700**	**$1,216,068**	**9.0%**

4.13. Rate Calculation

4.13.1. Proposed Monthly Fixed Charges

Table 4-16 shows the calculation of proposed FY 2026 monthly water service charges. Monthly water service charges consist of a meter capacity component (costs that vary with based on meter size as shown in Column C) and a billing component (costs that do not vary by meter size as shown in Column D). Table 4-16 shows the calculation of proposed FY 2026 monthly meter charges (Column E). the value of $10.88 for a .75-inch meter can be found in Column G, Line 6 of Table 4-13. The value of $3.84 per bill can be found in Column J, Line 6 of Table 4-13.

Table 4-16: Proposed FY 2026 Monthly Service Charge

	A	B	C	D	E = (C+D_	F	G	H
Line	Meter Size	Capacity Ratio	Meters Capacity Component	Billing Component	Proposed Monthly Service Charge	Current Monthly Service Charge	Difference ($)	Difference (%)
1	.75-inch	1.0	$10.88	$3.84	$14.73	$13.63	$1.10	8.1%
2	1-inch	2.0	$21.76	$3.84	$25.61	$22.70	$2.91	12.8%
3	1.5-inch	4.0	$43.53	$3.84	$47.37	$45.39	$1.98	4.4%
4	2-inch	6.4	$69.64	$3.84	$73.49	$72.61	$0.88	1.2%
5	3-inch	14.0	$152.34	$3.84	$156.18	$136.10	$20.08	14.8%
6	4-inch	25.2	$274.21	$3.84	$278.06	$226.79	$51.27	22.6%
7	6-inch	56.0	$609.36	$3.84	$613.20	$453.56	$159.64	35.2%
8	8-Inch	96.0	$1,044.62	$3.84	$1,048.46	$0.00	$1,048.46	N/A

4.13.2. Proposed Multi-Family Monthly Fixed Charge

The District's monthly fixed charge for Multi-Family Residential customers is not based on meter size. Instead, it is based on dwelling units. Table 4-17 compares the current versus calculated monthly fixed charge. The proposed charge of $9.57 (Column C) is calculated in Column H of Table 4-13);

Table 4-17: Proposed FY 2026 Multi Family Monthly Service Charge

	A	C	D	E	F
Line	MFR Dwelling Unit Charge	Proposed	Current	Difference ($)	Difference (%)
1	MFR Monthly Charge per DU	$9.57	$8.69	$0.88	10.1%

4.13.3. Proposed Monthly Fire Service Charges

Table 4-18 shows the calculation of proposed FY 2026 monthly private fire line charges. Monthly private fire line charges consist of a capacity component (costs that vary with based on fire line size Column C) and a billing component (costs that do not vary by fire line size as shown in Column D). Table 4-18 shows the calculation of proposed FY 2026 monthly private fire line charges (Column E). the value of $131.19 for a 6-inch fire line (Column C, Line 7) can be found in Column I, Line 6 of Table 4-13. The value of $3.84 per bill can be found in Column J, Line 6 of Table 4-13. Firelines with no existing monthly charge are indicated as "N/A" in column F.

Table 4-18: Proposed FY 2026 Monthly Fire Service Charges

	A	B	C	D	E =(C+D)	F	G	H
Line	Fire Line Size	Fire Ratio	Fire Capacity	Billing	Proposed Monthly Fire Line	Current Monthly Fire Line	Difference ($)	Difference (%)
1	.75-inch	0.00	$0.55	$3.84	$4.40	N/A	$4.40	0.0%
2	1-inch	0.01	$1.18	$3.84	$5.02	N/A	$5.02	0.0%
3	1.5-inch	0.03	$3.42	$3.84	$7.27	N/A	$7.27	0.0%
4	2-inch	0.06	$7.29	$3.84	$11.14	$6.85	$4.29	62.6%
5	3-inch	0.16	$21.18	$3.84	$25.02	$20.60	$4.42	21.5%
6	4-inch	0.34	$45.13	$3.84	$48.98	$41.20	$7.78	18.9%
7	6-inch	1.00	$131.10	$3.84	$134.95	$114.40	$20.55	18.0%
8	8-inch	2.13	$279.38	$3.84	$283.23	$240.00	$43.23	18.0%
9	10-inch	3.83	$502.43	$3.84	$506.27	$410.00	$96.27	23.5%
10	12-inch	6.19	$811.56	$3.84	$815.40	N/A	$815.40	0.0%

4.13.4. Proposed Water Usage Rates

The District's water usage rates consist of the following components:

- Base Demand
- Maximum Day Demand
- Maximum Hour Demand
- Supply
- Conservation
- Table 4-19 shows the calculation of the proposed FY 2026 commodity rates for each customer class (Column G).

The items to note in Table 4-19 are as follows:

- Column C, all customer classes have the same base rate of $1.43 per CCF
- Columns D and E, each customer class has a unique maximum day and maximum hour rate which is based on their unique peaking factors
- Column F, all customers have the same supply rate of $0.78 per CCF
- Column G, each customer class has a unique conservation rate based on the amount of projected conservation costs they have been allocated.

Table 4-19: Proposed FY 2026 Commodity Rates ($/CCF)

	A	B	C	D	E	F	G	H	I	J	K
Line	Customer Class	Billed Consumption	Base	Max Day	Max Hour	Supply	Conser-vation	Proposed	Existing	$ - Difference	% - Difference
1	Single Family Residential										
2	Tier 1	1,361,432	$1.43	$0.05	$0.05	$0.78	$0.15	$2.47	$2.29	$0.18	7.9%
3	Tier 2	685,408	$1.43	$0.41	$0.08	$0.78	$0.67	$3.38	$3.11	$0.27	8.7%
4											
5	Multi-Family Residential										
6	Tier 1	538,512	$1.43	$0.07	$0.05	$0.78	$0.03	$2.38	2.12	$0.26	12.3%
7	Tier 2	215,182	$1.43	$0.28	$0.07	$0.78	$0.55	$3.12	2.87	$0.25	8.7%
8											
9	Non-Residential										
10	Tier 1	485,872	$1.43	$0.15	$0.06	$0.78	$0.52	$2.95	2.72	$0.23	8.5%
11											
12	Irrigation										
13	Tier 1	342,703	$1.43	$0.26	$0.06	$0.78	$1.88	$4.42	4.08	$0.34	8.3%

4.13.5. Maximum Day and Hour Rate Component

Table 4-20 shows the calculation of the maximum day and maximum hour peaking rates for each customer class as shown in Columns D and E of Table 4-19. The total maximum day peaking costs is $611,691 (Column B, Line 15). The total maximum hour peaking costs are $209,988 (Column E, Line 15). Both of these values can be found in Line 1 of Table 4-13 and Line 17 of Table 4-14.

Table 4-20: Maximum Day and Maximum Hour Peaking Costs ($/CCF)

		Maximum Day			Maximum Hour		
	A	B	C	D	E	F	G
Line	Customer Class	Max Day COS	Billed Consumption	$/CCF	Max Hour COS'	Billed Consumption	$/CCF
1	Single Family Residential						
2	Tier 1	$66,510	1,361,432	$0.05	$66,681	1,361,432	$0.05
3	Tier 2	$283,672	685,408	$0.41	$52,138	685,408	$0.08
4							
5	Multi-Family Residential						
6	Tier 1	$38,801	538,512	$0.07	$27,303	538,512	$0.05
7	Tier 2	$59,747	215,182	$0.28	$14,193	215,182	$0.07
8							
9	Non-Residential						
10	Tier 1	$74,179	485,872	$0.15	$27,541	485,872	$0.06
11							
12	Irrigation						
13	Tier 1	$88,782	342,703	$0.26	$22,132	342,703	$0.06
14							
15	Total for All Classes	$611,691			$209,988		

4.13.6. Conservation Rate Component

Table 4-21 shows the calculation of the conservation rates for each customer class as shown in Column G Table 4-19. The total conservation costs are $1,692,054 (Column B, Line 15). The allocation of this amount to each customer class as shown in Column B was provided by District staff, and Raftelis has not validated the cost allocations.

Table 4-21: Conservation Costs ($/CCF)

Line	A Customer Class	B Conservation Costs[3]	C Billed Consumption	D $/CCF
1	Single Family Residential			
2	Tier 1	$203,046	1,361,432	$0.15
3	Tier 2	$456,854	685,408	$0.67
4				
5	Multi-Family Residential			
6	Tier 1	$16,921	538,512	$0.03
7	Tier 2	$118,444	215,182	$0.55
8				
9	Non-Residential			
10	Tier 1	$253,808	485,872	$0.52
11				
12	Irrigation			
13	Tier 1	$642,980	342,703	$1.88
14				
15	**Total**	**$1,692,054**		

4.13.7. Projected FY 2026 – FY 2030 Rates

Table 4-22 shows proposed monthly service charges for the period FY 2026 – FY 2030. The rates for FY 2026 are based on the results of the cost of service analysis. The rates for FY 2027 – FY 2030 reflect the overall rate revenue financial planning increases shown in Table 3-8.

Table 4-22: Proposed Monthly Service Charges

Line	A Monthly Water Service Charges	B Current Rates	C February 2026	D January 2027	E January 2028	F January 2029	G January 2030
1	**Water Service**						
2	3/4"	$13.63	$14.73	$16.06	$17.50	$19.08	$20.79
3	1"	$22.70	$25.61	$27.91	$30.43	$33.17	$36.15
4	1 1/2"	$45.39	$47.37	$51.63	$56.28	$61.35	$66.87
5	2"	$72.61	$73.49	$80.10	$87.31	$95.17	$103.74
6	3"	$136.10	$156.19	$170.24	$185.56	$202.26	$220.46
7	4"	$226.79	$278.06	$303.09	$330.36	$360.10	$392.50
8	6"	$453.56	$613.21	$668.39	$728.54	$794.11	$865.58
9	8”	N/A	$1048.46	$1,142.82	$1,245.68	$1,357.79	$1,479.99
10	Multi-Family ($ Per Unit)	$8.69	$9.57	$10.43	$11.37	$12.39	$13.51
11							
12	**Private Fire Protection Service**						
13	3/4"	N/A	$4.40	$4.80	$5.23	$5.70	$6.21
14	1"	N/A	$5.02	$5.47	$5.96	$6.50	$7.09
15	1 1/2"	N/A	$7.27	$7.92	$8.64	$9.41	$10.26
16	2"	$6.85	$11.14	$12.14	$13.24	$14.43	$15.73
17	3"	$20.60	$25.02	$27.27	$29.73	$32.40	$35.32
18	4"	$41.20	$48.98	$53.39	$58.19	$63.43	$69.14
19	6"	$114.40	$134.95	$147.10	$160.33	$174.76	$190.49
20	8"	$240.00	$283.23	$308.72	$336.51	$366.79	$399.80
21	10"	$410.00	$506.27	$551.83	$601.50	$655.63	$714.64
22	12”	N/A	$815.40	$888.79	$968.78	$1,055.97	$1,151.00

[3] The conservation allocations presented were provided by District staff.

Table 4-23: Proposed Usage Rates ($/CCF)

	A	B	C	D	E	F	G	H
Line	Water Usage Rates	Monthly Tiers	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Single Family Residential							
2	Tier 1	13	$2.29	$2.47	$2.69	$2.93	$3.20	$3.49
3	Tier 2	> 13	$3.11	$3.38	$3.68	$4.02	$4.38	$4.77
4								
5	Multi-Family Residential							
6	Tier 1	8.3 CCF per Unit	$2.12	$2.38	$2.59	$2.83	$3.08	$3.36
7	Tier 2	> 8.33 CCF per Unit	$2.87	$3.12	$3.40	$3.71	$4.04	$4.40
8								
9	Non-Residential							
10	Tier 1	All Usage	$2.72	$2.95	$3.22	$3.50	$3.82	$4.16
11								
12	Irrigation							
13	Tier 1	All Usage	$4.08	$4.42	$4.82	$5.25	$5.72	$6.24

5. Wastewater – Financial Plan

This section of the report details the wastewater enterprise's long-term financial plan, based on the projected revenues, expenses, debt service, and capital project costs. Raftelis modeled the financial plan without revenue adjustments (status quo) and with proposed revenue adjustments to ensure the financial sustainability and solvency of the wastewater utility. The result of the wastewater financial plan is the total revenue requirement utilized as the basis for the cost of service analysis and resulting rates in the next section of the report.

5.1. Projected Revenues

District staff provided the actual FY 2024 revenues and budgeted FY 2025 revenues for the wastewater utility, which were used to project revenues for the remainder of the study period. Table 5-1 shows the projected revenues for the wastewater fund.

The wastewater water rate revenues (Lines 3-5) are calculated for future years based on the weighted customer account growth assumptions for each customer class (Table 2-1). The District expects modest increases in wastewater rate revenues for all years of the study. The interest income (Line 19) is calculated using the reserve interest rate (Table 2-2, Line 2). The transfers in from the capital fund consist of unrestricted funds from the capital fund for rate-funded capital. The remaining revenues are inflated using the non-rate revenue inflation factor (Table 2-2, Line 1)

Table 5-1: Projected Wastewater Revenues at Current Rates

	A	B	C	D	E	F	G
Line	Projected Revenues	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Operating Revenues**						
2	**Wastewater Service Charges**						
3	Residential Sewer Service	$5,619,620	$5,737,632	$5,858,123	$5,981,143	$6,106,747	$6,234,989
4	Commercial Sewer Service	$1,533,596	$1,564,235	$1,595,487	$1,627,364	$1,659,877	$1,693,039
5	**Total - Wastewater Service Charges**	**$7,153,216**	**$7,301,868**	**$7,453,610**	**$7,608,507**	**$7,766,624**	**$7,928,028**
6							
7	**Other Operating Revenue**						
8	Sewer Stanby Charges @ $10	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600
9	Fats, Oil & Grease Permits	$3,600	$3,600	$3,600	$3,600	$3,600	$3,600
10	Industrial Discharge Inspection Fees	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
11	**Total - Other Operating Revenue**	**$46,200**	**$46,200**	**$46,200**	**$46,200**	**$46,200**	**$46,200**
12	**Total - Operating Revenue**	**$7,199,416**	**$7,348,068**	**$7,499,810**	**$7,654,707**	**$7,812,824**	**$7,974,228**
13							
14	**Non-Operating Revenue**						
15	Connection Fees	$258,000	$258,000	$258,000	$258,000	$258,000	$258,000
16	Property Taxes	$572,568	$572,568	$572,568	$572,568	$572,568	$572,568
17	Solar Credits	$0	$0	$0	$0	$0	$0
18	Site Rentals	$0	$0	$0	$0	$0	$0
19	Interest Income	$396,200	$396,200	$704,492	$623,704	$458,006	$407,233
20	Unrealized Gains/Losses	$17,100	$17,100	$17,100	$17,100	$17,100	$17,100
21	Front Footage Fees	$0	$0	$0	$0	$0	$0
22	Grant	$19,750,000	$2,800,000	$8,000,000	$0	$0	$0
23	Grant Revenue Wells Fargo Offset	$0	$14,100,000	$0	$0	$0	$0
24	**Total - Non-Operating Revenue**	**$20,993,868**	**$18,143,868**	**$9,552,160**	**$1,471,372**	**$1,305,674**	**$1,254,901**
25							
26	**Transfers**						
27	Transfers in From Capital Fund	$0	$0	$0	$777,932	$1,754,788	$2,397,512
28							
29	**Gross - Total Revenues**	**$28,193,284**	**$25,491,936**	**$17,051,970**	**$9,904,011**	**$10,873,286**	**$11,626,641**
30	**Less: Grant Proceeds**	*$19,750,000*	*$2,800,000*	*$8,000,000*	*$0*	*$0*	*$0*
31	**Total - Net Revenues**	**$8,443,284**	**$22,691,936**	**$9,051,970**	**$9,904,011**	**$10,873,286**	**$11,626,641**

5.2. Projected O&M Expenses

Table 5-2 shows the projected wastewater O&M expenses for the Study period. District staff provided the actual O&M expenses for FY 2024 and budgeted O&M expenses for FY 2025, which are escalated for future years of the study based on the expense inflation factors (Table 2-3).

Table 5-2: Projected Wastewater O&M Expenses

	A	B	C	D	E	F	G
Line	Projected O&M Expenses	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Operating Expenses**						
2	Benefit Pay	$212,064	$218,426	$224,979	$231,728	$238,680	$245,840
3	Fringe Benefits	$528,960	$544,829	$561,174	$578,009	$595,349	$613,210
4	Salaries	$1,192,764	$1,228,547	$1,265,403	$1,303,365	$1,342,466	$1,382,740
5	Other Expense	$0	$0	$0	$0	$0	$0
6	Materials	$318,400	$328,000	$337,890	$348,079	$358,575	$369,388
7	Fixed Assets	$32,000	$33,280	$34,611	$35,996	$37,435	$38,933
8	Subscriptions	$2,850	$2,936	$3,024	$3,114	$3,208	$3,304
9	Engineering	$0	$0	$0	$0	$0	$0
10	Outside Services	$1,255,463	$1,294,237	$1,334,218	$1,375,446	$1,417,957	$1,461,795
11	Replenishment	$0	$0	$0	$0	$0	$0
12	Electric Utility	$591,529	$635,894	$683,586	$734,855	$789,969	$849,216
13	Training	$9,500	$9,785	$10,079	$10,381	$10,692	$11,013
15	Std Fee	$3,200	$3,296	$3,395	$3,497	$3,602	$3,710
16	Allocations	$3,487,620	$3,592,249	$3,700,016	$3,811,017	$3,925,347	$4,043,107
17	**Total Operating Expenses**	**$7,634,350**	**$7,891,477**	**$8,158,374**	**$8,435,485**	**$8,723,281**	**$9,022,257**

5.3. Debt Service

The District has seven active debt issuances with annual payments allocated between the water and sewer enterprises as shown in Table 5-3. Column A lists each debt issuance, with Columns B and C showing the percentage allocated to water and sewer, respectively. Annual payment amounts for each year are shown in Columns D through I. The total debt service for the wastewater enterprise (line 10) is calculated using a sum product of the wastewater allocation percentage (Column C) and annual payments shown in columns D through I.

The Wells Fargo Regional Plant debt represents a line of credit that the District must pay back in FY 2026. The District has chosen to offset capital improvement costs with grants rather than this line of credit.

Table 5-3: Existing Wastewater Debt Service

	A	B	C	D	E	F	G	H	I
Line	Existing Debt Service	Water	Sewer	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	AD #4	100%	0%	$0	$0	$0	$0	$0	$0
2	AD #7	100%	0%	$16,580	$0	$0	$0	$0	$0
3	USDA	100%	0%	$18,854	$18,954	$18,930	$18,890	$18,930	$18,850
4	Rio Vista	100%	0%	$24,382	$24,382	$24,382	$24,382	$24,382	$24,382
5	SRF	72%	28%	$302,510	$302,510	$302,510	$302,510	$302,510	$302,510
6	City National	72%	28%	$91,846	$91,846	$91,846	$91,846	$91,846	$91,846
7	BBVA	72%	28%	$195,226	$195,226	$195,226	$195,226	$195,226	$975,574
8	Wells Fargo Regional Plant	0%	100%	$0	$15,000,000	$0	$0	$0	$0
9	Total - Existing Utility Debt Service			$649,398	$15,632,918	$632,894	$632,854	$632,894	$1,413,162
10	**Total - Existing Water Debt Service**			**$165,083**	**$15,165,083**	**$165,083**	**$165,083**	**$165,083**	**$383,580**

To fund the wastewater capital program, the District plans on issuing bonds in FY 2026 and FY 2027. The bonds have a 30-year term at 5.0% interest and have a 2.0% issuance cost. The proposed loan proceeds would be used to fund most of the new utility headquarters building. The proposed annual debt service is shown in Table 5-4.

Table 5-4: Proposed Wastewater Debt Service

	A	B	C	D	E	F	G
Line	Proposed Debt Service	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Proposed Loan Issuance	$0	$2,040,816	$6,122,449	$0	$0	$0
2	Loan Proceeds	$0	$2,000,000	$6,000,000	$0	$0	$0
3							
4	**Annual Debt Service**						
5	FY 2025 Bond Issuance	$0	$0	$0	$0	$0	$0
6	FY 2026 Bond Issuance		$132,758	$132,758	$132,758	$132,758	$132,758
7	FY 2027 Bond Issuance			$398,274	$398,274	$398,274	$398,274
8	FY 2028 Bond Issuance				$0	$0	$0
9	FY 2029 Bond Issuance					$0	$0
10	FY 2030 Bond Issuance						$0
11							
12	**Total - Proposed Debt Service**	**$0**	**$132,758**	**$531,032**	**$531,032**	**$531,032**	**$531,032**

5.4. Capital Projects

District staff provided the CIP for the wastewater utility for the Study period. Table 5-5 shows the CIP costs for the study period, escalated by the capital expense inflation factor (Table 2-3, Line 7) to determine CIP costs in future years' dollars. The CIP provided consists of projects totaling $45.7 million for the six years FY 2025 through FY 2030. Projects are funded through a combination of wastewater rate revenues, cash reserves, grants, and debt proceeds.

Table 5-5: Inflated Wastewater Capital Projects

	A	B	C	D	E	F	G
Line	Capital Projects (Inflated)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	I-10 & Indian Sewer Collection System	$0	$59,625	$0	$0	$0	$0
2	Regional Wastewater Treatment Plant	$5,127,725	$0	$0	$0	$0	$0
3	Area M-2 (AD #15)	$0	$2,862,976	$8,652,800	$0	$0	$0
4	Conveyance line from LS to RWWTP	$2,120,528	$0	$0	$0	$0	$0
5	HWWTP Infl. Pup Station Odor Control	$82,030	$0	$0	$0	$0	$0
6	Area J-2	$6,146	$0	$0	$0	$0	$0
7	HWWTP ASU Demolition	$0	$0	$132,169	$0	$0	$0
8	HWWTP Percolation Ponds (2)	$29,786	$0	$0	$0	$0	$0
9	Designing & Engineering Areas H & I	$123,679	$0	$0	$0	$0	$0
10	HWWTP Above Ground Piping & Appurtenance Rehab	$25,000	$129,642	$0	$0	$0	$0
11	HWWTP SCADA Upgrades	$25,000	$66,485	$0	$0	$0	$0
12	Design & Engineering for Areas A & G	$1,028,499	$0	$0	$0	$0	$0
13	Sewer System Collections	$188,992	$0	$0	$0	$0	$0
14	Filtration for HWWTP	$0	$0	$0	$1,564,740	$0	$0
15	Supplemental Evironmental Project	$10,000	$93,600	$0	$0	$0	$0
16	Muffin Monster 6-inch Inline Grinder	$17,100	$0	$0	$0	$0	$0
17	GEHL TH842 Telehandler	$177,817	$0	$0	$0	$0	$0
18	Case 570N EP Skip Loader	$124,500	$0	$0	$0	$0	$0
19	John Deere Gator TE Model (1 of 2)	$16,000	$0	$0	$0	$0	$0
20	John Deere Gator TE Model (2 of 2)	$16,000	$0	$0	$0	$0	$0
21	Axle Weighing System	$15,070	$0	$0	$0	$0	$0
22	Belt Press Horizontal Screw Replacement	$22,775	$0	$0	$0	$0	$0
23	Headworks Grit Classifier Screw Replacement	$96,076	$0	$0	$0	$0	$0
24	Horton Aviligon Camera System	$71,886	$0	$0	$0	$0	$0
25	JWC Auger Replacement	$28,898	$0	$0	$0	$0	$0
26	Odor Control Grease Filter	$17,000	$0	$0	$0	$0	$0
27	GQPP AD -18 Area D3 -1 Water Main Replacement	$500,000	$520,000	$0	$0	$0	$0

	A	B	C	D	E	F	G
Line	Capital Projects (Inflated)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
28	Well 28 Rehabilitation	$200,000	$0	$0	$0	$0	$0
29	Well Benchmark Survey	$21,000	$0	$0	$0	$0	$0
30	Replacement Of Horton Mw-1/Rehab Well 11	$101,000	$50,960	$0	$0	$0	$0
31	Future CIP	$0	$892,330	$1,622,400	$1,687,296	$1,754,788	$2,397,512
32	New HQ Building	$0	$4,160,000	$12,979,200	$0	$0	$0
33	Pond Reconfiguration and Piping Enhancements	$0	$0	$1,081,600	$0	$0	$0
34	**Total - Inflated CIP**	**$10,192,507**	**$8,835,620**	**$24,468,169**	**$3,252,036**	**$1,754,788**	**$2,397,512**

Table 5-6 shows the proposed wastewater capital financing plan based on the CIP (Table 5-5). The District plans to fully fund its wastewater CIP for all years of the Study. The debt proceeds (Line 11) are from the proposed debt issues (Table 5-4, Line 2).

- Line 1 displays the beginning capital reserve fund balance for each fiscal year.
- Line 3 reflects anticipated bond proceeds.
- Lines 6 through 8 detail the capital funding sources—rate revenue, reserves, and bonds.
- Line 11 shows the ending capital reserve fund balance by fiscal year.

Table 5-6: Proposed Wastewater Capital Financing Plan

	A	B	C	D	E	F	G
Line	**Capital Financing Plan**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
1	Capital Reserves	$16,650,513	$16,650,513	$5,111,674	$0	$0	$0
2							
3	Bond Proceeds	$0	$2,000,000	$6,000,000	$0	$0	$0
4							
5	**Capital Financing**						
7	Grant Funded	$10,182,507	$0	$0	$0	$0	$0
6	Reserve Funded	$0	$8,742,020	$9,908,493	$0	$0	$0
7	Loan Funded	$0	$0	$6,000,000	$0	$0	$0
8	Rate Funded	$0	$0	$8,559,676	$3,252,036	$1,754,788	$2,397,512
9	**Total - Capital Financing**	**$10,182,507**	**$8,742,020**	**$24,468,169**	**$3,252,036**	**$1,754,788**	**$2,397,512**
10							
11	Ending Capital Reserves	$16,650,513	$9,908,493	$0	$0	$0	$0

5.5. Current Financial Plan – Status Quo

Table 5-7 shows the projected wastewater financial plan under the status quo scenario. Revenues (Line 7) are equal to projected revenues (Table 5-1, Line 29), less the Wells Fargo offset (Line 23). The O&M expenses (Line 9) are equal to projected O&M expenses for the study period (Table 5-2). Existing debt service (Line 24) is equal to the principal and interest payments for the District's outstanding wastewater debt (Table 5-3), less the Wells Fargo credit line repayment (Line 8). Proposed debt service (Line 13) is equal to the principal and interest payments for the District's proposed debt issuances (Table 5-4). Rate funded CIP (Line 14) is derived from the capital financing plan (Table 5-6).

The net cash flow (Line 17) is negative for all years of the Study period under the status quo scenario, with the exception of FY 2027. The calculated debt coverage (Line 20) is falls below the required coverage (Line 21), which will put the District's wastewater utility into technical default.

Table 5-7: Projected Wastewater Financial Plan (Status Quo)

	A	B	C	D	E	F	G
Line	Water Financial Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	**Revenues**						
2	Rate Revenues	$7,153,216	$7,301,868	$7,453,610	$7,608,507	$7,766,624	$7,928,028
3	Revenue Adjustments	$0	$0	$0	$0	$0	$0
4	Investment Income	$396,200	$556,889	$444,875	$304,762	$185,070	$142,650
5	Other Revenues	$893,868	$3,693,868	$8,893,868	$893,868	$893,868	$893,868
6	Transfers In From Capital Fund For Rate-Funded CIP	$0	$0	$0	$777,932	$1,754,788	$2,397,512
7	**Total - Revenues**	**$8,443,284**	**$11,552,625**	**$16,792,352**	**$9,585,069**	**$10,600,349**	**$11,362,057**
8							
9	**O&M Expenses**	**$7,634,350**	**$7,891,477**	**$8,158,374**	**$8,435,485**	**$8,723,281**	**$9,022,257**
10							
11	**Debt and Capital**						
12	Existing Debt Service	$246,283	$246,283	$194,763	$179,923	$165,083	$383,580
13	Proposed Debt Service	$0	$132,758	$531,032	$531,032	$531,032	$531,032
14	Rate Funded Capital Projects	$0	$0	$8,559,676	$3,252,036	$1,754,788	$2,397,512
15	**Total - Debt and Capital**	**$246,283**	**$379,041**	**$9,285,471**	**$3,962,991**	**$2,450,903**	**$3,312,124**
16							
17	**Net Cash Flow**	**$562,651**	**$3,282,107**	**($651,493)**	**($2,813,407)**	**($573,834)**	**($972,324)**
18	Net Operating Revenue	$808,934	$3,661,148	$8,633,978	$371,652	$122,281	($57,711)
19							
20	**Calculated Debt Coverage**	**3.28**	**2.27**	**0.87**	**0.52**	**0.18**	**-0.06**
21	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20
22							
23	Beginning Operating Fund Balance	$1,729,013	$2,291,664	$5,573,771	$4,922,278	$2,108,871	$1,535,037
24	Ending Operating Fund Balance	$2,291,664	$5,573,771	$4,922,278	$2,108,871	$1,535,037	$562,713

Figure 5-1 shows the proposed wastewater capital financing plan in graphical format, based on the capital projects shown in Table 5-5. The light teal bars represent the portion of CIP funded by rates.

Figure 5-1: Proposed Wastewater Capital Financing Plan

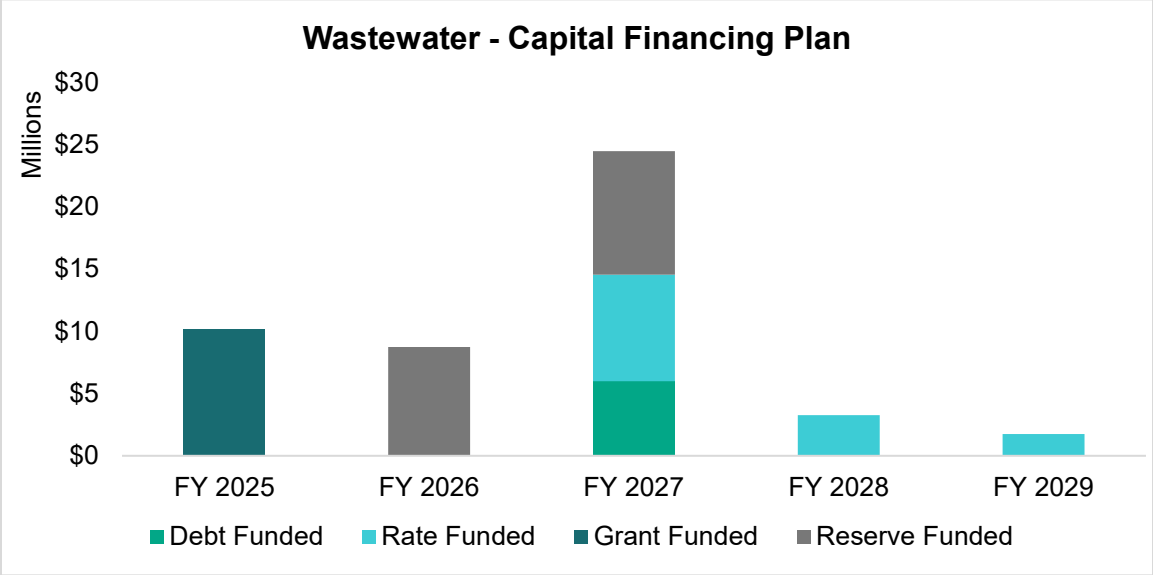


Figure 5-2 shows the projected wastewater financial plan under the status quo scenario in graphical format. The stacked bars represent the O&M expenses (dark teal), debt service (light green), and capital projects (light teal). The gray bars show the changes to cash balances: if the gray bars are below the stacked bars, then the District will be drawing from cash reserves, and vice versa. The gray bars, which are below the stacked bars, show that the District will be drawing down its wastewater cash balances without revenue adjustments. The black revenue line includes transfers from the capital fund and grants, which are used to fund rate-funded capital and minimize rate impacts.

Figure 5-2: Projected Wastewater Financial Plan (Status Quo)

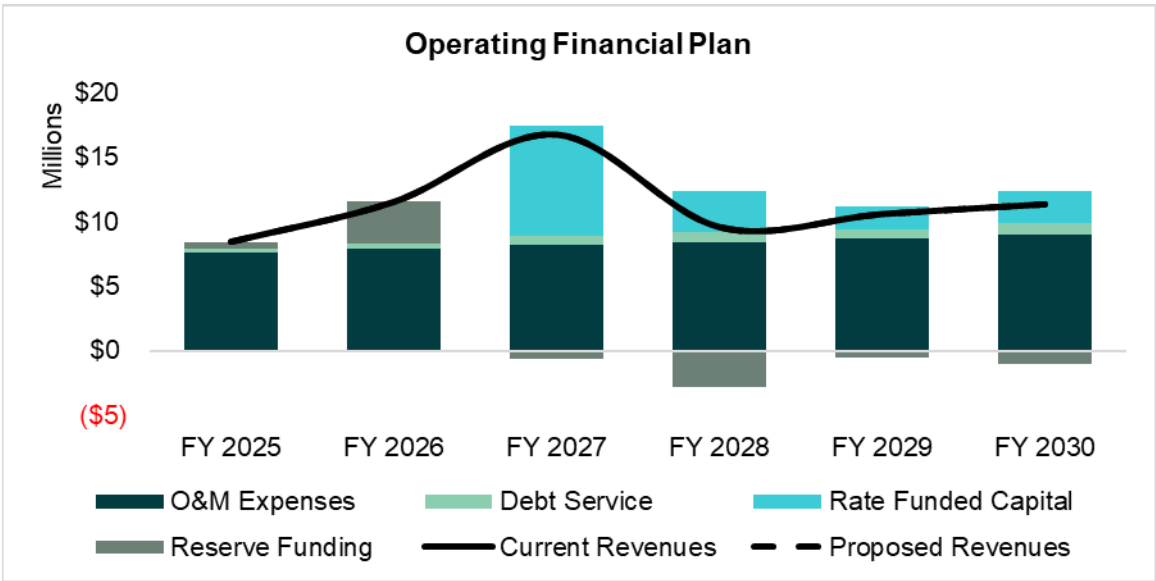


Figure 5-3 shows the total projected wastewater fund cash balance without revenue adjustments in graphical format. Due to the timing of grant funds and debt proceeds, the wastewater utility stays above its reserve target for the entirety of the Study period.

Figure 5-3: Projected Wastewater Fund Balances (Status Quo)

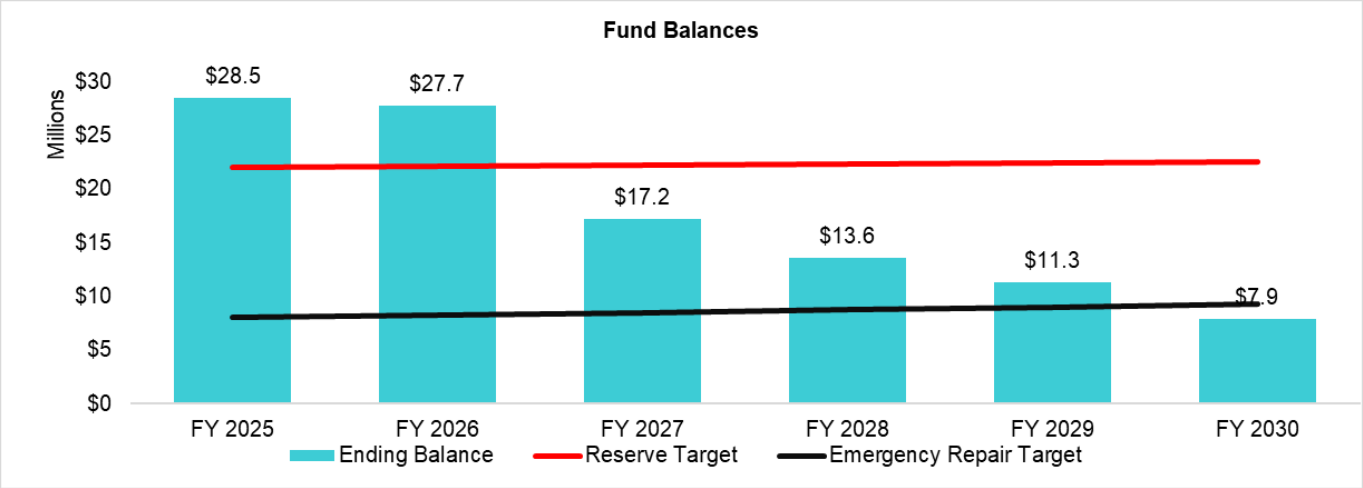
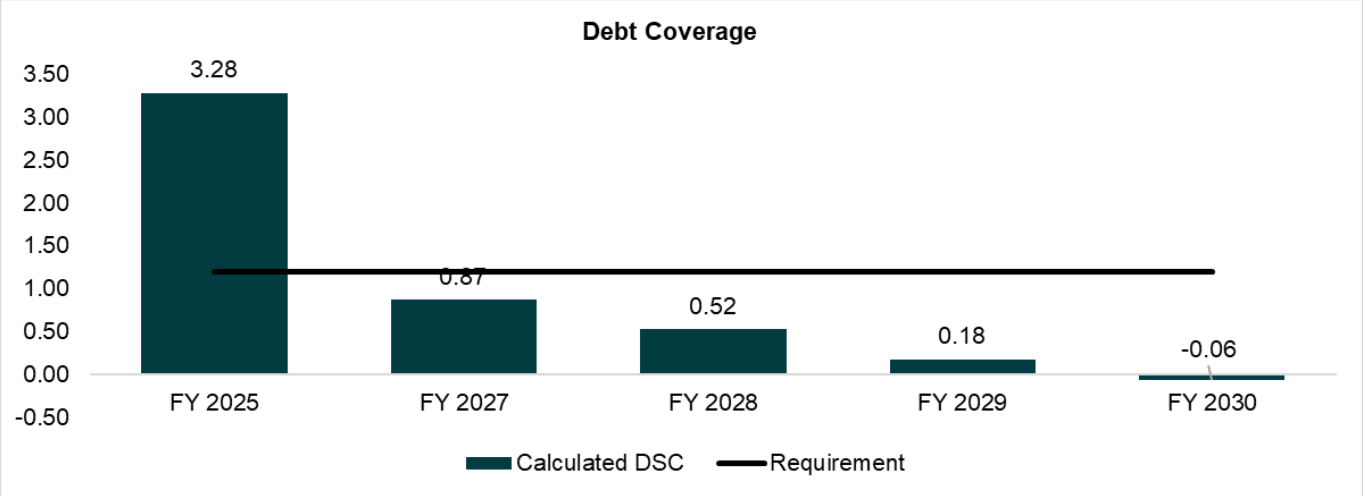


Figure 5-4 shows the projected wastewater debt coverage ratio by fiscal year under the status quo scenario. Without revenue adjustments, the District is not meeting their minimum debt service coverage through the entire Study period.

Figure 5-4: Projected Debt Coverage Ratio (Status Quo)



5.6. Proposed Financial Plan

Table shows the proposed revenue adjustments for the District's wastewater utility. While the required wastewater utility's total annual balance consistently exceeds reserve targets, Raftelis and the District propose to increase revenue just over the pace of inflation, as to not fall behind on potential future revenue adjustments, and in order to meet debt coverage requirements on existing and future proposed debt. The first revenue adjustment is scheduled for February 21, 2026 (FY 2026). In subsequent years, revenue adjustments will occur each January.

Table 5-8: Proposed Wastewater Revenue Adjustments

Line	A Fiscal Year	B Revenue Adjustment	C Month Effective
1	FY 2026	7.0%	February
2	FY 2027	7.0%	January
3	FY 2028	7.0%	January
4	FY 2029	7.0%	January
5	FY 2030	7.0%	January

Table 5-9 shows the projected wastewater financial plan with the proposed revenue adjustments (Table 5-8). The net cash flow (Line 17) is negative in some years of the study period but will reduce the wastewater cash balances significantly less than under the status quo scenario. With the proposed revenue adjustments and debt issuance, the wastewater utility will meet its debt coverage ratio requirements (Line 20) and have positive ending balances (Line 24).

Table 5-9: Projected Wastewater Financial Plan (Proposed Revenue Adjustments)

	A	B	C	D	E	F	G
Line	**Water Financial Plan**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
1	**Revenues**						
2	Rate Revenues	$7,153,216	$7,301,868	$7,453,610	$7,608,507	$7,766,624	$7,928,028
3	Revenue Adjustments	$0	$212,971	$800,890	$1,407,357	$2,080,830	$2,827,720
4	Investment Income	$396,200	$559,019	$457,185	$339,402	$237,730	$232,914
5	Other Revenues	$893,868	$3,693,868	$8,893,868	$893,868	$893,868	$893,868
6	Transfers In From Capital Fund For Rate-Funded CIP	$0	$0	$0	$0	$0	$0
7	**Total - Revenues**	**$8,443,284**	**$11,767,726**	**$17,605,554**	**$10,249,133**	**$10,979,052**	**$11,882,531**
8							
9	**O&M Expenses**	**$7,634,350**	**$7,891,477**	**$8,158,374**	**$8,435,485**	**$8,723,281**	**$9,022,257**
10							
11	**Debt and Capital**						
12	Existing Debt Service	$246,283	$246,283	$194,763	$179,923	$165,083	$383,580
13	Proposed Debt Service	$0	$132,758	$531,032	$531,032	$531,032	$531,032
14	Rate Funded Capital Projects	$0	$0	$8,559,676	$3,252,036	$1,754,788	$2,397,512
15	**Total - Debt and Capital**	**$246,283**	**$379,041**	**$9,285,471**	**$3,962,991**	**$2,450,903**	**$3,312,124**
16							
17	**Net Cash Flow**	**$562,651**	**$3,497,208**	**$161,708**	**($2,149,343)**	**($195,131)**	**($451,850)**
18	Net Operating Revenue	$808,934	$3,876,249	$9,447,180	$1,813,648	$2,255,771	$2,860,274
19							
20	**Calculated Debt Coverage**	**3.28**	**2.84**	**1.99**	**2.55**	**3.24**	**3.13**
21	Required Debt Coverage	1.20	1.20	1.20	1.20	1.20	1.20
22							
23	Beginning Balances	$1,729,013	$2,291,664	$5,788,872	$5,950,580	$3,801,237	$3,606,106
24	Ending Balances	$2,291,664	$5,788,872	$5,950,580	$3,801,237	$3,606,106	$3,154,256

Figure 5-5 shows the projected wastewater financial plan with the proposed revenue adjustments. Although the net cash flow is still negative in some years of the study, shown by the gray bars under the stacked teal, green, and dark teal bars, the additional revenue will allow the wastewater utility to meet its debt coverage requirements, fund its operating and capital costs for the Study period, and reduce transfers from the capital fund.

Figure 5-5: Projected Wastewater Financial Plan (Proposed Revenue Adjustments)

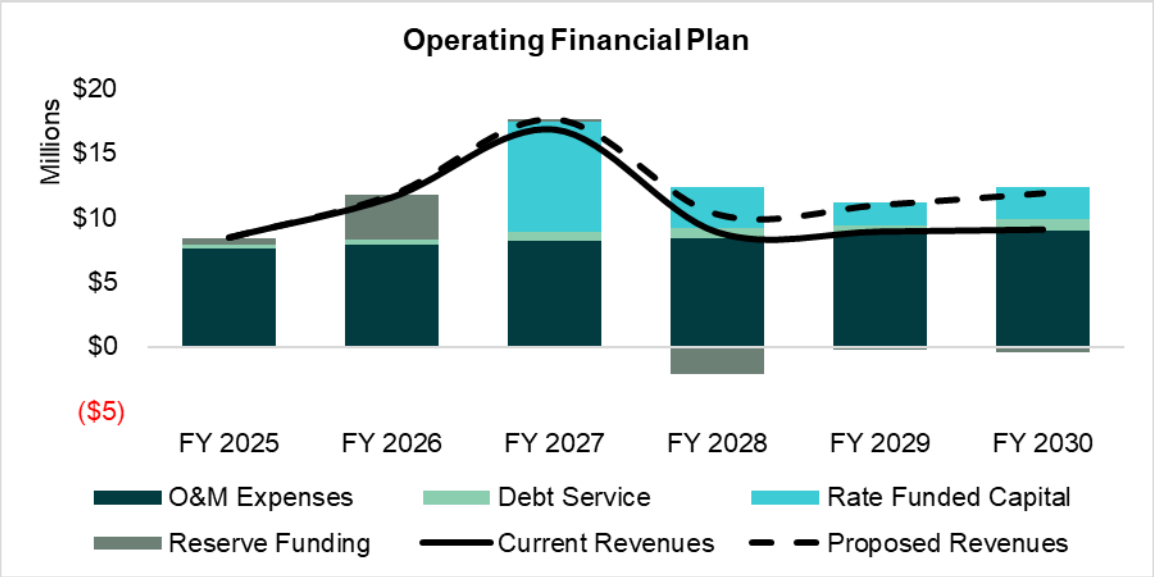


Figure 5-6 shows the projected wastewater fund balances with the proposed revenue adjustments. The cash balances are positive for all years of the Study. These balances are drawn down to fund the District's capital projects in FY 2025, FY 2026, and FY 2028.

Figure 5-6: Projected Wastewater Fund Balances (Proposed Revenue Adjustments)

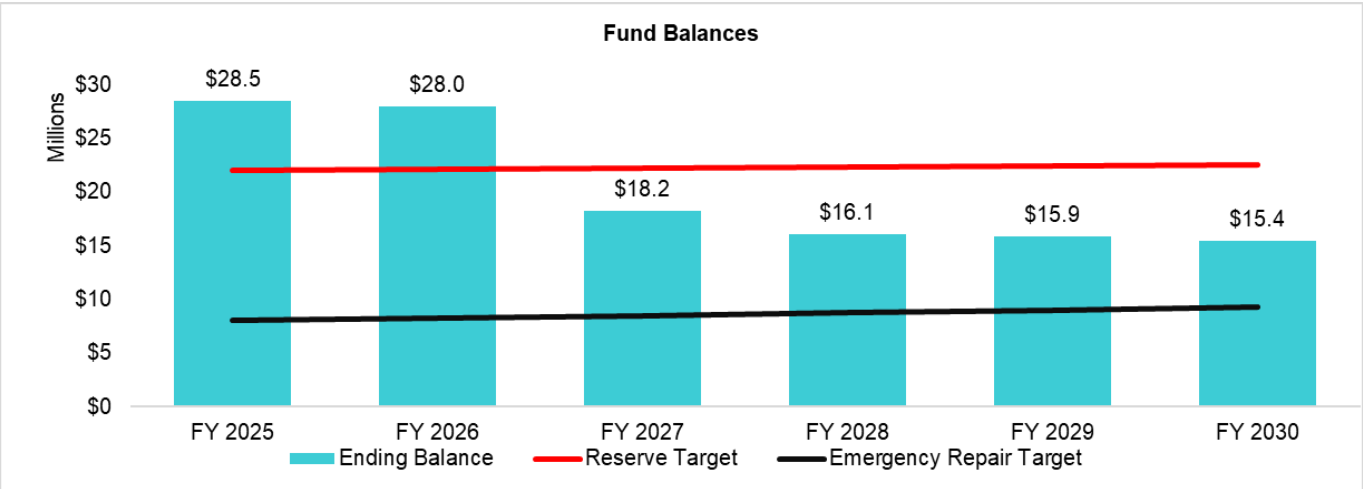
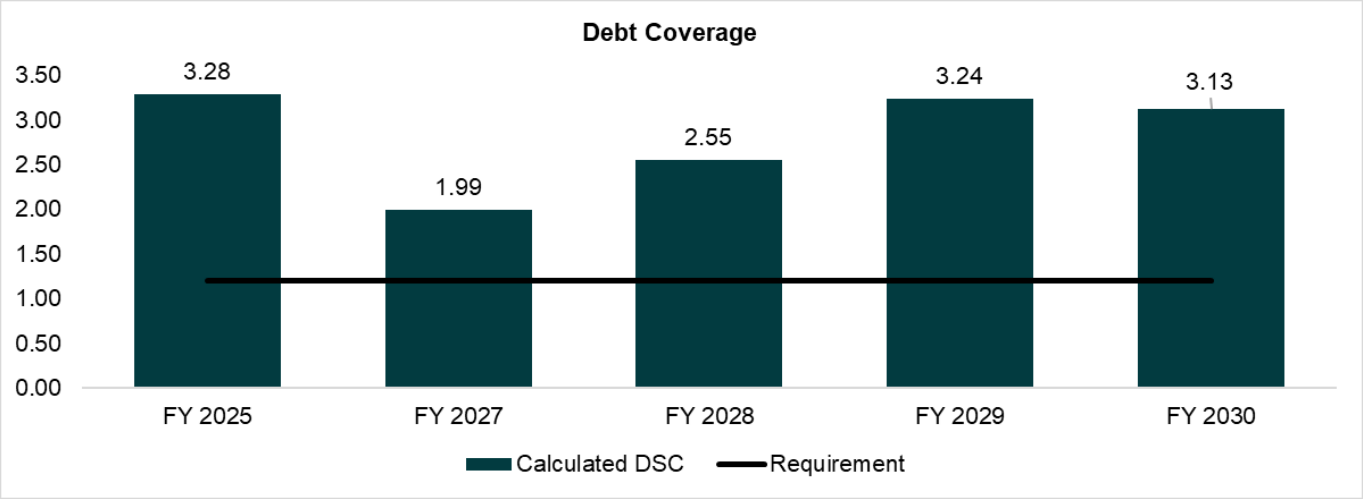


Figure 5-7 shows the projected debt coverage ratios. The Wells Fargo line of credit repayment is excluded from the debt service coverage calculation.

Figure 5-7: Projected Debt Coverage Ratio (Proposed Revenue Adjustments)



6. Wastewater – Cost of Service Analysis and Rates

This section of the report details the cost of service analysis and rate calculation process to determine the proposed wastewater rates. The goal of this process is to determine the cost of providing wastewater service to each of the District's wastewater customer classes and to ensure equity and fairness among the various classes.

6.1. Process and Approach

The cost of service analysis utilized to develop wastewater rates followed the guidelines for allocating costs outlined in the WEF Manual No. 27. The cost of service analysis and rate design process consists of eight major steps, as outlined below:

1. Determine the revenue requirement, equal to the revenue to be recovered from rates.
2. Conduct a treatment plant mass balance analysis to estimate the flows and strength characteristics of each customer class.
3. Functionalize O&M expenses and capital assets into functional categories such as treatment, laboratory, collection, engineering, etc.
4. Allocate each functional category into cost components such as wastewater flow and strength, which includes BOD and TSS.
5. Develop customer class characteristics and units of service by cost component.
6. Calculate the cost component unit rates by dividing the total cost in each cost component by the total units of service for that component. For example, wastewater flow is measured in CCF and BOD and TSS are measured in lbs per year.
7. Calculate the cost for each customer class by multiplying the unit cost by the units of service for each customer class.
8. Design rates to meet District's objectives.

6.2. Revenue Requirement

The first step of the cost of service analysis is to determine the revenue requirement for the test year, or rate-making year. The test year of this study is FY 2026. Table 6-1 shows the revenue requirement calculation for the wastewater utility.

The revenue requirements (Lines 2-4) are equal to the O&M expenses and debt and capital costs for FY 2026 (Table 5-9, Column C, Lines 21, 24, 25). The revenues from other sources (Lines 7-10), also known as non-rate revenues or revenue offsets, are equal to all non-rate revenues (Table 5-9, Column C, Lines 4-5). The Adjustment for Net Operating Cash Flow (Line 16) is equal to the negative value of net cash flow (Table 5-9, Column C, Line 29).

Line 17 reflects the rate revenue shown in Table 5-9, Column C, Lines 2 and 3, which represents the partial-year impact of the 5.0% revenue adjustment taking effect partway through FY 2026. Line 19 introduces a mid-year adjustment to normalize the revenue requirement, ensuring it reflects what the total revenue would have been if the 5.0% increase had been in effect for the full 12 months of the fiscal year. This adjustment

allows for an accurate comparison of annualized revenue needs and aligns the FY 2026 revenue requirement with a full-year implementation scenario.

The revenue to be recovered from rates (Line 19) is divided between operating (Column B) and capital (Column C) based on the function of each line item. For example, debt and capital costs (Line 3) are allocated to capital, while O&M expenses (Line 2) are allocated to operating. Note that the total revenue requirement (Column D, Line 20) is equal to rate revenues for a full year of the revenue adjustment for FY 2025.

Table 6-1: Wastewater Revenue Requirement Calculation

	A	B	C	D
Line	**Revenue Requirement (FY 2025)**	**Operating**	**Capital**	**Total**
1	**Revenue Requirements**			
2	O&M Expenses	$7,891,477	$0	$7,891,477
3	Debt Service	$0	$15,379,041	$15,379,041
5	**Total - Revenue Requirements**	**$7,891,477**	**$15,379,041**	**$23,270,518**
6				
7	**Revenue Offsets**	0	0	0
8	Other Operating Revenues	$46,200	$0	$46,200
9	Non-Operating Revenues	$0	$14,947,668	$14,947,668
10	Interest Income	$0	$396,200	$396,200
11	Transfers In From Capital Fund For Rate-Funded CIP	$0	$0	$0
12	**Total Revenue Offsets**	**$46,200**	**$15,343,868**	**$15,390,068**
13				
14	**Net Revenue Requirement Before Adj.**	**$7,845,277**	**$35,173**	**$7,880,450**
15				
16	**Adjustments**			
17	Adjustment for Net Operating Cash Flow	$0	($365,611)	($365,611)
18	**Net RR After Adj. for Net Operating CF**	**$7,845,277**	**($330,439)**	**$7,514,839**
19				
20	**Adjustment to Annualize Rate Increase**	**$298,160**	**$0**	**$298,160**
21	**Net Revenue Requirement**	**$8,143,437**	**($330,439)**	**$7,812,998**

6.3. Plant Mass Balance

The second step of the cost of service analysis is to conduct a plant mass balance analysis. The plant mass balance analysis is used to estimate and validate the wastewater loadings (flow and strength) generated by each customer class. While wastewater discharged into sewers for most users is not metered when it enters the wastewater system, the total amount of flow and strength entering the treatment plant is a known quantity. The quantity entering into the wastewater system is called total plant influent.

From the total plant influent, a portion is subtracted for inflows and infiltration (I&I). Non-residential customer flows can be estimated based on their water usage and using industry-accepted return factors. From there, residential customer loadings can be calculated by subtracting I&I and estimated non-residential loadings from total plant influent to determine the reasonableness of residential loadings.

Table 6-2 shows the plant balance analysis for all customer classes. The mass balance table estimates the wastewater loadings contributed by different customer classes, focusing on flow, biochemical oxygen demand (BOD), and total suspended solids (TSS). Column B presents annual water consumption in CCF for each customer class. To estimate the amount of water that is ultimately returned to the wastewater system, this consumption is multiplied by a return factor, which varies by customer type to reflect differing usage patterns. The return flow factors shown in Column C, and the resulting rate outcomes shown later in this report, were developed and recommended by District staff, and Raftelis has not validated these values. The result of this calculation is shown in Column D as contributed flow, expressed in CCF. This represents the estimated volume of water from each customer class that enters the wastewater treatment system.

Columns E and F display the adjusted BOD and TSS concentrations, measured in milligrams per liter (mg/L), for each customer class. These values were originally sourced from the Los Angeles County Sanitation District's (LACSD) report on typical customer strength and loading characteristics. However, they have been adjusted to better reflect the actual customer makeup and discharge characteristics within the District's service area. The adjustments ensure that the analysis is specific and tailored to local conditions rather than relying solely on generalized regional data.

Finally, Columns G and H calculate the total BOD and TSS loadings, respectively, for each customer class, expressed in pounds. These values are derived by multiplying the contributed flow in Column D (after converting to million gallons) by the corresponding BOD and TSS strengths in Columns E and F. This provides an estimate of how much organic material and suspended solids each customer class is contributing to the treatment plant. Together, this information helps the District understand the proportional impact of each customer class on the wastewater system and informs cost allocation in the rate-setting process.

Table 6-2: Wastewater Plant Balance Calculation[4]

	A	B	C	D	E	F	G	H
Line	Plant Balance	Water Consumption (CCF)	Return Factor	Contributed Flow (CCF)	BOD mg/L	TSS mg/L	BOD Pounds	TSS Pounds
1	Single Family Residential	1,626,985	48.50%	789,088	281	272	1,384,881	1,339,475
2	Multifamily Residential	85,226	49.20%	41,931	239	230	62,685	60,109
3	Mobile Home Park	25,188	49.20%	12,392	239	230	18,526	17,765
4	**Subtotal - Residential**	**1,737,398**		**843,411**			**1,466,092**	**1,417,349**
5								
6	**Non-Residential**							
7	Retail Store	7,606	80.5%	6,123	150	150	5,734	5,734
8	Office	11,784	84.4%	9,946	130	80	8,072	4,967
9	Bar W/O Dining	113	76.5%	87	200	200	108	108
10	Car Wash	11,321	92.8%	10,506	20	150	1,312	9,838
11	Service Shops	17,829	76.2%	13,585	180	280	15,266	23,747
12	Laundromat	6,179	82.0%	5,067	150	110	4,744	3,479
13	Hospital	13,879	75.2%	10,437	250	100	16,289	6,516
14	Unclassified	40,229	100.0%	40,229	130	80	32,648	20,091
15	Commercial	78,914	75.4%	59,501	250	100	92,863	37,145
16	Repair Shop & Service Station	1,879	76.2%	1,432	180	280	1,609	2,503
17	Hotel/Motel W/O Restaurant	50,248	71.5%	35,927	310	120	69,529	26,914
18	Manufacturing	6,463	77.2%	4,989	450	240	14,016	7,475
19	Hotel/Motel W/Restaurant	11,499	64.8%	7,451	500	600	23,259	27,910
20	Market	6,002	60.5%	3,631	800	800	18,135	18,135
21	Mortuary	854	60.4%	516	800	800	2,577	2,577
22	Restaurant	19,131	57.2%	10,943	1,000	600	68,315	40,989
23	Beauty Shop	1,143	62.0%	709	180	280	797	1,239
24	Unclassified_2	19,020	100.0%	19,020	130	80	15,436	9,499
25	School (Nursery)	11,004	80.5%	8,858	130	100	7,189	5,530
26	Membership Organizations	2,208	80.5%	1,777	130	100	1,442	1,109

[4] The return factors and strength loadings shown in columns C, E, and F were provided by District staff.

	A	B	C	D	E	F	G	H
Line	Plant Balance	Water Consumption (CCF)	Return Factor	Contributed Flow (CCF)	BOD mg/L	TSS mg/L	BOD Pounds	TSS Pounds
27	Government	7,852	84.5%	6,635	130	80	5,384	3,313
28	Park Restroom	1,480	97.0%	1,436	130	100	1,165	896
29	Religious Organization	3,347	97.0%	3,246	130	100	2,635	2,027
30	School	22,782	84.0%	19,137	130	100	15,531	11,947
31	**Subtotal - Non-Residential**	**352,765**		**281,188**			**424,053**	**273,689**
32								
33	**Total - Residential & Non-Residential**	**2,090,164**		**1,124,599**			**1,890,145**	**1,691,037**

6.4. Operating and Capital Cost Allocation

The next step in the cost of service analysis is to determine the operating and capital cost allocations by cost component. The cost components in this Study include flow, BOD, TSS, and general.

Table 6-3 shows the wastewater operating cost allocation. The flow cost component represents costs associated with wastewater flow, such as collection. The BOD and TSS cost components represent costs associated with wastewater strength, such as treatment and laboratory analyses. General costs, such as administration or engineering costs, do not have a specific function.

For the purpose of allocating operating costs, District staff provided the O&M expense budget estimates by function (Column A, Lines 2-6). This is representative of the distribution of operating costs shown in Table 5-2. Functions include administration, engineering, treatment, and collection. The operating costs are allocated to each cost component based on the percentage allocation (Lines 2-10) for each component. The final O&M expense allocation (Line 14) is determined by taking the weighted proportion of total operating costs by cost component based on the percentage allocations.

Table 6-3: Wastewater Operating Cost Allocation

	A	B	C	D	E	F	G
Line	**O&M Expense Allocation**	**Volume**	**BOD**	**TSS**	**Customer**	**G&A**	**Total**
1	**Percentage Allocation**						
2	Treatment	40%	30%	30%			100%
3	Collection	100%					100%
4	Customer				100%		100%
5	G&A					100%	100%
6	Disposal		50%	50%			100%
7							
8	**Dollar Allocation**						
9	Treatment	$963,217	$722,413	$722,413	$0	$0	$2,408,042
10	Collection	$527,611	$0	$0	$0	$0	$527,611
11	Customer	$0	$0	$0	$0	$0	$0
12	G&A	$0	$0	$0	$0	$3,628,299	$3,628,299
13	Disposal	$0	$663,763	$663,763	$0	$0	$1,327,525
14	**Total - O&M Expenses**	**$1,490,828**	**$1,386,175**	**$1,386,175**	**$0**	**$3,628,299**	**$7,891,477**
15	*O&M Expense Allocation*	*18.89%*	*17.57%*	*17.57%*	*0.00%*	*45.98%*	

In Table 6-4, the wastewater capital costs were allocated based on the District's ten-year CIP, which provides a forward-looking view of planned infrastructure investments. Using the CIP as the basis for cost allocation ensures that the functional distribution of capital costs aligns with the District's long-term planning priorities and reflects how future resources will be invested across the system. Each project in the CIP was reviewed and assigned to one of several functional categories: Treatment, Collection, Land, Customer Costs (such as billing and customer service), General & Administrative (G&A), and Sludge Disposal. These functional categories represent the core activities and infrastructure needs of the wastewater system and serve as the foundation for equitable cost allocation.

Once each CIP line item was allocated to its appropriate functional category, the total capital costs by function were further distributed to the relevant cost components used in the cost of service analysis: volume, BOD, TSS, customer-related costs, G&A. This second step translates the functional investments into cost drivers that more accurately reflect the demands placed on the system by different customer classes. This two-step methodology ensures a defensible and transparent capital cost allocation that supports fair and proportional rate setting.

Table 6-4: Wastewater Capital Allocation

	A	B	C	D	E	F	G
Line	Capital Expense Allocation	Volume	BOD	TSS	Customer	G&A	Total
1	**Percentage Allocation**						
2	Treatment	40%	30%	30%			100%
3	Collection	100%					100%
4	Customer				100%		100%
5	G&A					100%	100%
6	Disposal		50%	50%			100%
7							
8	**Dollar Allocation**						
9	Treatment	$2,796,548	$2,097,411	$2,097,411	$0	$0	$6,991,371
10	Collection	$3,716,852	$0	$0	$0	$0	$3,716,852
11	Customer	$0	$0	$0	$1,000,000	$0	$1,000,000
12	G&A	$0	$0	$0	$0	$53,189,112	$53,189,112
13	Disposal	$0	$0	$0	$0	$0	$0
14	**Total - Capital Expenses**	**$6,513,400**	**$2,097,411**	**$2,097,411**	**$1,000,000**	**$53,189,112**	**$64,897,335**
15	*Capital Expense Allocation*	*8.00%*	*3.20%*	*3.20%*	*1.50%*	*84.10%*	
16	**Capital Cost Revenue Requirement**	**$30,323**	**$12,129**	**$12,129**	**$5,686**	**$318,773**	**$379,041**

Table 6-5 shows the revenue offset allocation by revenue item. They are allocated either by the O&M expense allocation (Table 6-3, Line 15) or the capital expense allocation (Table 6-4, Line 15).

Table 6-5: Revenue Offset Allocation

	A	B	C	D	E	F	G
Line	Revenue Offsets	Function	Volume	BOD	Customer	G&A	Total
1	Other Operating Revenues	OM Allocation	$8,728	$8,115	$0	$21,242	$46,200
2	Non-Operating Revenues	Capital Allocation	$366,097	$117,889	$56,207	$2,989,587	$3,647,668
3	Interest Income	Capital Allocation	$56,106	$18,067	$8,614	$458,166	$559,019
4	Transfers In From Capital Fund For Rate-Funded CIP	OM Allocation	$0	$0	$0	$0	$0
5	**Total – Revenue Offsets**		**$430,931**	**$144,071**	**$64,821**	**$3,468,994**	**$4,252,887**

6.5. Unit Cost Components

Table 6-6 shows the wastewater service units by cost component, which are from the plant mass balance analysis (Table 6-2).

Table 6-6: Wastewater Service Units by Cost Components

	A	B	C	D
Line	Customer Class	Flow (CCF)	BOD (lbs/yr)	TSS (lbs/yr)
1	**Residential**			
2	Single Family Residential	789,088	1,384,881	1,339,475
3	Multifamily Residential	41,931	62,685	60,109
4	Mobile Home Park	12,392	18,526	17,765
5	**Total - Residential**	**843,411**	**1,466,092**	**1,417,349**
6				
7	**Non-Residential**			
8	Retail Store	6,123	5,734	5,734
9	Office	9,946	8,072	4,967
10	Bar W/O Dining	87	108	108
11	Car Wash	10,506	1,312	9,838
12	Service Shops	13,585	15,266	23,747
13	Laundromat	5,067	4,744	3,479
14	Hospital	10,437	16,289	6,516
15	Unclassified	40,229	32,648	20,091
16	Commercial	59,501	92,863	37,145
17	Repair Shop & Service Station	1,432	1,609	2,503
18	Hotel/Motel W/O Restaurant	35,927	69,529	26,914
19	Manufacturing	4,989	14,016	7,475
20	Hotel/Motel W/Restaurant	7,451	23,259	27,910
21	Market	3,631	18,135	18,135
22	Mortuary	516	2,577	2,577
23	Restaurant	10,943	68,315	40,989
24	Beauty Shop	709	797	1,239
25	Unclassified	19,020	15,436	9,499
26	School (Nursery)	8,858	7,189	5,530
27	Membership Organizations	1,777	1,442	1,109
28	Government	6,635	5,384	3,313
29	Park Restroom	1,436	1,165	896
30	Religious Organization	3,246	2,635	2,027
31	School	19,137	15,531	11,947
32	**Total - Non-Residential**	**281,188**	**424,053**	**273,689**
33				
34	**Total - Residential and Non-Residential**	**1,124,599**	**1,890,145**	**1,691,037**

Table 6-7 shows the calculation of unit costs by cost component. The operating revenue requirement (Table 6-1, Column B, Line 20) is allocated based on the O&M expense allocation (Table 6-3) for each cost component. Similarly, the capital revenue requirement from Table 6-1 is allocated based on the CIP allocation (Table 6-4). Then, the general costs are reallocated to the flow, BOD, and TSS cost components proportionately to the remaining cost of service. The adjusted cost of service for each cost component is divided by the units of service (Line 13) derived from Table 6-6, resulting in the unit cost component.

Table 6-7: Wastewater Cost of Service and Unit Costs

	A	B	C	D	E	F
Line	**Cost of Service Allocation**	**Flow**	**BOD**	**TSS**	**G&A**	**Total**
1	Operating Revenue Requirement	$1,490,828	$1,386,175	$1,386,175	$3,628,299	$7,891,477
2	Capital Revenue Requirement	$38,042	$12,250	$12,250	$310,658	$379,041
3	Revenue Offsets	($430,931)	($144,071)	($144,071)	($3,468,994)	($4,252,887)
4	**Net Revenue Requirement Before Adj.**	**$1,097,940**	**$1,254,355**	**$1,254,355**	**$469,962**	**$4,017,631**
5						
6	Allocation of Adjustment for Change in Cash	$350,996	$113,026	$113,026	$2,866,271	$3,497,208
7	Allocation of Mid-Year Adjustment	$29,925	$9,636	$9,636	$244,368	$298,160
8	**Net Revenue Requirement After Adjustment**	**$1,478,860**	**$1,377,017**	**$1,377,017**	**$3,580,602**	**$7,812,998**
9						
10	Allocation of General & Admin Costs	$1,251,114	$1,164,954	$1,164,954	($3,580,602)	
11	**Net Rev Requirement After Alloc. of G&A**	**$2,729,974**	**$2,541,971**	**$2,541,971**	**$0**	**$7,812,998**
12						
13	Units of Service	1,124,599	1,890,145	1,691,037		
14	**Unit Cost of Service**	**$2.43**	**$1.34**	**$1.50**		
15	*Units*	*$/CCF*	*$/pound*	*$/pound*		

6.6. Revenue Requirement Allocation

Once the total cost of service has been allocated to cost components—volume, BOD, TSS, customer, and G&A—those unit costs are applied to each customer class to determine their share of the overall revenue requirement. This allocation is based on the service units shown in Table 6-6, which reflect each class's proportional impact on the wastewater system.

For each customer class, we multiply the unit cost by the applicable number of service units. For example, Single Family residential customers are projected to contribute 927,381 CCF of flow. Applying the (unrounded) unit cost of service for flow, approximately $2.13 per CCF, results in $1,979,586 in flow-related costs for that class. The same approach is used for BOD and TSS loads.

This process is repeated for all customer classes to develop a complete allocation of costs. The sum of the allocated costs for all classes is shown on Line 34 of Table 6-6 and is equal to the total annual revenue requirement from Table 6-1. This ensures that the final cost allocation is both comprehensive and internally consistent, aligning each customer class's share of costs with its actual impact on the system.

Table 6-8: Allocation of Wastewater Revenue Requirement to Customer Classes

	A	B	C	D	E
Line	**Customer Class**	**Flow**	**BOD**	**TSS**	**Total**
1	**Residential**				
2	Single Family Residential	$1,916,042	$1,862,183	$2,013,198	$5,791,423
3	Multifamily Residential	$101,816	$84,290	$90,343	$276,448
4	Mobile Home Park	$30,091	$24,911	$26,700	$81,702
5	**Total - Residential**	**$2,047,948**	**$1,971,384**	**$2,130,241**	**$6,149,573**
6					
7	**Non-Residential**				
8	Retail Store	$14,867	$7,710	$8,617	$31,194
9	Office	$24,150	$10,854	$7,466	$42,469
10	Bar W/O Dining	$211	$146	$163	$519
11	Car Wash	$25,510	$1,764	$14,786	$42,061
12	Service Shops	$32,988	$20,527	$35,691	$89,206
13	Laundromat	$12,302	$6,380	$5,229	$23,911
14	Hospital	$25,344	$21,904	$9,793	$57,040
15	Unclassified	$97,682	$43,900	$30,196	$171,778
16	Commercial	$144,479	$124,869	$55,829	$325,177
17	Repair Shop & Service Station	$3,476	$2,163	$3,761	$9,401
18	Hotel/Motel W/O Restaurant	$87,238	$93,492	$40,452	$221,182
19	Manufacturing	$12,115	$18,847	$11,235	$42,196
20	Hotel/Motel W/Restaurant	$18,093	$31,275	$41,949	$91,317
21	Market	$8,817	$24,385	$27,256	$60,457
22	Mortuary	$1,253	$3,465	$3,872	$8,590
23	Restaurant	$26,572	$91,860	$61,605	$180,036
24	Beauty Shop	$1,721	$1,071	$1,862	$4,655
25	Unclassified	$46,183	$20,756	$14,277	$81,216
26	School (Nursery)	$21,509	$9,667	$8,311	$39,487
27	Membership Organizations	$4,315	$1,939	$1,667	$7,922
28	Government	$16,110	$7,240	$4,980	$28,330
29	Park Restroom	$3,487	$1,567	$1,347	$6,401
30	Religious Organization	$7,883	$3,543	$3,046	$14,472
31	School	$46,467	$20,883	$17,955	$85,306
32	**Total - Non-Residential**	**$682,773**	**$570,204**	**$411,347**	**$1,664,324**
33					
34	**Total - Residential and Non-Residential**	**$2,730,721**	**$2,541,588**	**$2,541,588**	**$7,813,897**

6.7. Rate Calculation

Table 6-9 shows the rate calculation for the District's proposed wastewater rates for the FY 2026 test year.

Monthly residential service charge = Residential cost of service / billing units

Non-residential wastewater usage rate = Non-residential cost of service / CCF of water usage

Table 6-9: Wastewater Monthly Rate Calculation

	A	B	C	D
Line	Customer Class	Cost of Service	FY 2026 Units	Proposed Rate
1	**Residential**		*dwelling units*	*per dwelling unit*
2	Single Family Residential	$5,790,598	107,732	$53.75
3	Multifamily Residential	$276,447	8,062	$34.29
4	Mobile Home Park	$81,657	2,383	$34.27
5				
6	**Non-Residential**		*CCF of water*	*per CCF*
7	Retail Store	$31,192	7,606	$4.10
8	Office	$42,466	11,784	$3.60
9	Bar W/O Dining	$519	113	$4.58
10	Car Wash	$42,060	11,321	$3.72
11	Service Shops	$89,205	17,829	$5.00
12	Laundromat	$23,911	6,179	$3.87
13	Hospital	$57,040	13,879	$4.11
14	Unclassified	$171,776	40,229	$4.27
15	Commercial	$325,171	78,914	$4.12
16	Repair Shop & Service Station	$9,400	1,879	$5.00
17	Hotel/Motel W/O Restaurant	$221,179	50,248	$4.40
18	Manufacturing	$42,196	6,463	$6.53
19	Hotel/Motel W/Restaurant	$91,317	11,499	$7.94
20	Market	$60,457	6,002	$10.07
21	Mortuary	$8,589	854	$10.06
22	Restaurant	$180,034	19,131	$9.41
23	Beauty Shop	$4,655	1,143	$4.07
24	Unclassified_2	$81,215	19,020	$4.27
25	School (Nursery)	$39,486	11,004	$3.59
26	Membership Organizations	$7,922	2,208	$3.59
27	Government	$28,328	7,852	$3.61
28	Park Restroom	$6,401	1,480	$4.32
29	Religious Organization	$14,470	3,347	$4.32
30	School	$85,304	22,782	$3.74

Table 6-10 shows the monthly rate comparison between the proposed rates calculated in Table 6-9 and the District's current wastewater rates.

Table 6-10: Wastewater Monthly Rate Comparison

Line	Customer Class	Proposed Rate	Current Rate	Difference - $	Difference - %
1	**Residential**	*per dwelling unit*	*per dwelling unit*		
2	Single Family Residential	$53.75	$50.16	$3.59	7.2%
3	Multifamily Residential	$34.29	$31.96	$2.33	7.3%
4	Mobile Home Park	$34.27	$31.96	$2.31	7.2%
5					
6	**Non-Residential**	*per CCF of water*	*per CCF of water*		
7	Retail Store	$4.10	$3.83	$0.27	7.1%
8	Office	$3.60	$3.36	$0.24	7.3%
9	Bar W/O Dining	$4.58	$4.26	$0.32	7.4%
10	Car Wash	$3.72	$3.45	$0.27	7.7%
11	Service Shops	$5.00	$4.66	$0.34	7.4%
12	Laundromat	$3.87	$3.60	$0.27	7.5%
13	Hospital	$4.11	$3.82	$0.29	7.6%
14	Unclassified	$4.27	$4.04	$0.23	5.7%
15	Commercial	$4.12	$3.83	$0.29	7.6%
16	Repair Shop & Service Station	$5.00	$4.66	$0.34	7.4%
17	Hotel/Motel W/O Restaurant	$4.40	$4.09	$0.31	7.6%
18	Manufacturing	$6.53	$6.08	$0.45	7.4%
19	Hotel/Motel W/Restaurant	$7.94	$7.39	$0.55	7.5%
20	Market	$10.07	$9.38	$0.69	7.4%
21	Mortuary	$10.06	$9.38	$0.68	7.2%
22	Restaurant	$9.41	$8.77	$0.64	7.3%
23	Beauty Shop	$4.07	$3.79	$0.28	7.4%
24	Unclassified_2	$4.27	$4.66	($0.39)	-8.4%
25	School (Nursery)	$3.59	$3.34	$0.25	7.4%
26	Membership Organizations	$3.59	$3.34	$0.25	7.4%
27	Government	$3.61	$3.36	$0.25	7.4%
28	Park Restroom	$4.32	$4.01	$0.31	7.8%
29	Religious Organization	$4.32	$4.04	$0.28	7.0%
30	School	$3.74	$3.48	$0.26	7.6%

6.8. Proposed Rates

Table 6-11 and Table 6-12 show the proposed monthly wastewater service charges and the non-residential wastewater rates, respectively. The proposed wastewater rates for February 2026 are from Table 6-9 (Column

C). The proposed wastewater rates in the following years are increased across the board by the revenue adjustments in Table 5-8. All values are rounded to the nearest penny.

Table 6-11: Proposed Monthly Residential Wastewater Service Charges

	A	B	C	D	E	F	G
Line	Residential Customer Class	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Single Family	$50.16	$53.75	$57.51	$61.54	$65.85	$70.46
2	Multiple Family (per dwelling unit)	$31.96	$34.29	$36.69	$39.26	$42.01	$44.95
3	Mobile Home Park (per parking space)	$31.96	$34.27	$36.67	$39.24	$41.99	$44.93

Table 6-12: Proposed Non-Residential Wastewater Rates

	A	B	C	D	E	F	G
Line	Non-Residential Customer Class	Current Rates	February 2026	January 2027	January 2028	January 2029	January 2030
1	Retail Store	$3.83	$4.10	$4.39	$4.70	$5.03	$5.38
2	Office	$3.36	$3.60	$3.85	$4.12	$4.41	$4.72
3	Bar W/O Dining	$4.26	$4.58	$4.90	$5.24	$5.61	$6.00
4	Car Wash	$3.45	$3.72	$3.98	$4.26	$4.56	$4.88
5	Service Shops	$4.66	$5.00	$5.35	$5.72	$6.12	$6.55
6	Laundromat	$3.60	$3.87	$4.14	$4.43	$4.74	$5.07
7	Hospital	$3.82	$4.11	$4.40	$4.71	$5.04	$5.39
8	Unclassified	$4.04	$4.27	$4.57	$4.89	$5.23	$5.60
9	Commercial	$3.83	$4.12	$4.41	$4.72	$5.05	$5.40
10	Repair Shop & Service Station	$4.66	$5.00	$5.35	$5.72	$6.12	$6.55
11	Hotel/Motel W/O Restaurant	$4.09	$4.40	$4.71	$5.04	$5.39	$5.77
12	Manufacturing	$6.08	$6.53	$6.99	$7.48	$8.00	$8.56
13	Hotel/Motel W/Restaurant	$7.39	$7.94	$8.50	$9.10	$9.74	$10.42
14	Market	$9.38	$10.07	$10.77	$11.52	$12.33	$13.19
15	Mortuary	$9.38	$10.06	$10.76	$11.51	$12.32	$13.18
16	Restaurant	$8.77	$9.41	$10.07	$10.77	$11.52	$12.33
17	Beauty Shop	$3.79	$4.07	$4.35	$4.65	$4.98	$5.33
18	Unclassified	$4.66	$4.27	$4.57	$4.89	$5.23	$5.60
19	School (Nursery)	$3.34	$3.59	$3.84	$4.11	$4.40	$4.71
20	Membership Organizations	$3.34	$3.59	$3.84	$4.11	$4.40	$4.71
21	Government	$3.36	$3.61	$3.86	$4.13	$4.42	$4.73
22	Park Restroom	$4.01	$4.32	$4.62	$4.94	$5.29	$5.66
23	Religious Organization	$4.04	$4.32	$4.62	$4.94	$5.29	$5.66
24	School	$3.48	$3.74	$4.00	$4.28	$4.58	$4.90