

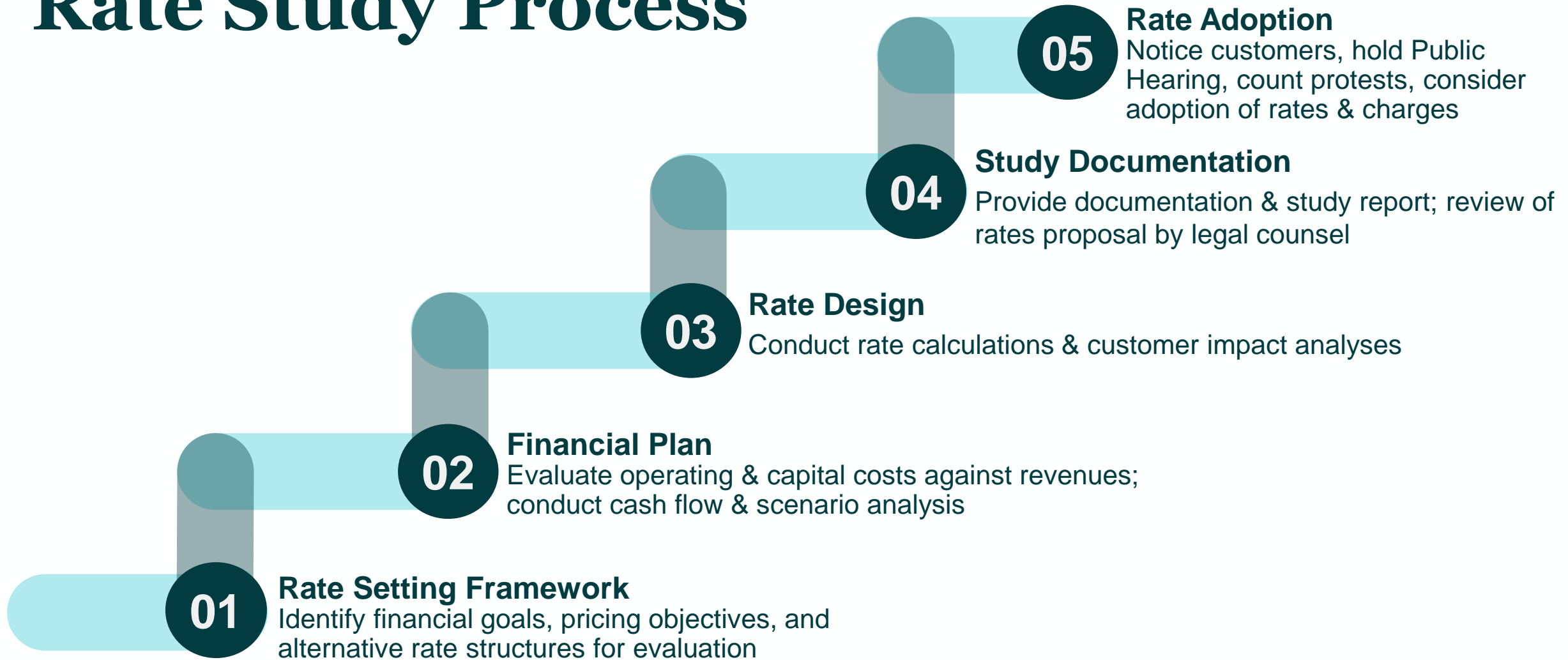
City of Needles

Water & Wastewater Rate Study Results

June 26, 2025

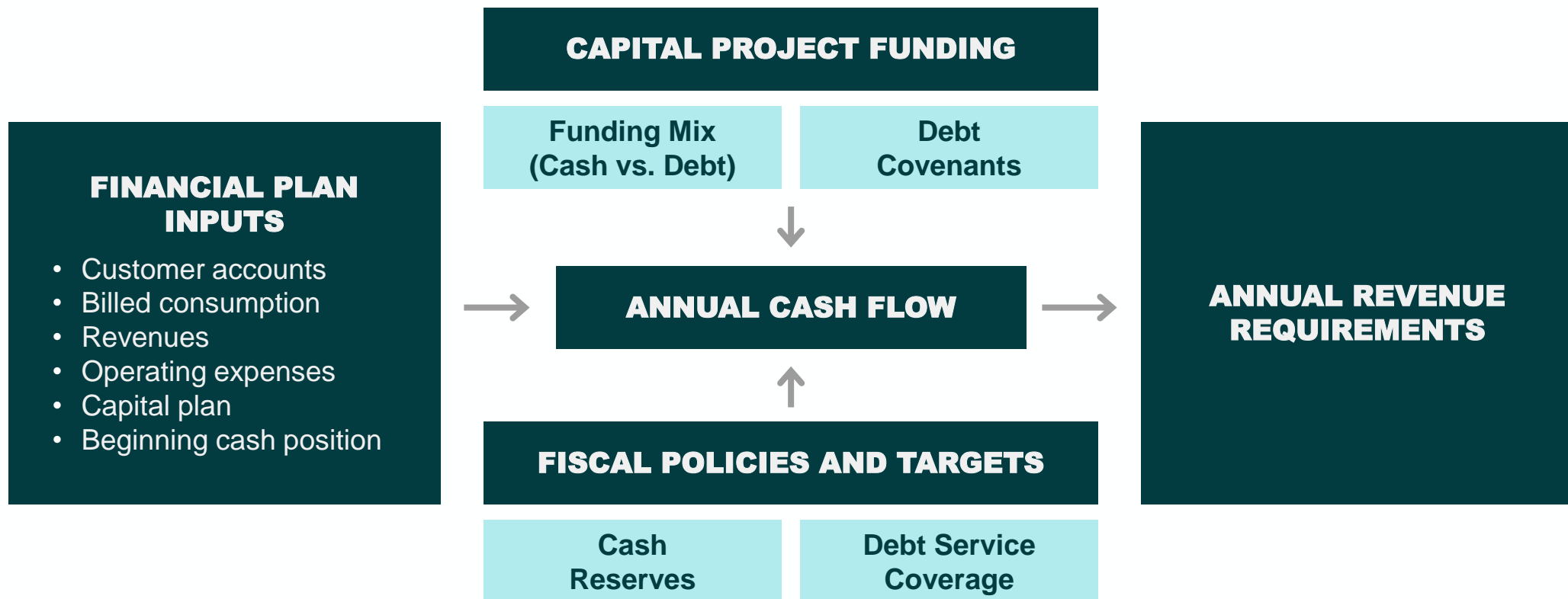


Rate Study Process



Financial Planning & Rate Projections

FINANCIAL PLAN ELEMENTS



Financial Assumptions

Escalators Affecting Revenues



Account Growth:
1.2%



**Water Demand
Factor: 0%**



**Non-Rate Revenue
Inflation: 2.0%**



**Reserve Interest
Rates: 1.5%**

Financial Assumptions

Escalators Affecting Expenses



General: 3%



Salary: 2.5%



**Health
Insurance: 10%**



**Retirement:
1.5%**



**Other Benefits:
7%**



**Fuel, Utilities,
Chemicals: 4%**



**Contract
Services: 3%**



Capital: 3.5%

Financial Assumptions

Debt Financing Terms



Interest Rate:
4%



Term: 30 years



**Cost of
Issuance:** 2%



Structure:
Level Payment

Water Status Quo Pro Forma – Fund 502

| Cash Flow | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Beginning Balance - Fund 502 | \$891,681 | \$220,224 | \$227,765 | \$235,640 | \$243,867 | \$252,469 |
| Sources of Funds | | | | | | |
| Rate Revenue | \$3,005,226 | \$3,036,511 | \$3,068,580 | \$3,100,851 | \$3,133,324 | \$3,166,001 |
| Miscellaneous Revenue | \$85,476 | \$85,679 | \$85,886 | \$86,097 | \$86,313 | \$86,532 |
| Interest Income | \$0 | \$7,311 | \$7,076 | \$6,820 | \$6,544 | \$6,245 |
| Total - Sources of Funds | \$3,090,701 | \$3,129,501 | \$3,161,541 | \$3,193,768 | \$3,226,181 | \$3,258,778 |
| Uses of Funds | | | | | | |
| O&M Expenses | \$2,202,235 | \$2,277,652 | \$2,356,396 | \$2,438,669 | \$2,524,687 | \$2,614,684 |
| Debt Service | \$310,159 | \$310,159 | \$310,159 | \$310,159 | \$310,160 | \$310,160 |
| Total - Uses of Funds | \$2,512,394 | \$2,587,811 | \$2,666,555 | \$2,748,828 | \$2,834,846 | \$2,924,844 |
| Ending Balance - Fund 502 | \$1,469,988 | \$761,914 | \$722,751 | \$680,580 | \$635,202 | \$586,403 |
| Reserve Target | | | | | | |
| Operating Reserve | \$220,224 | \$227,765 | \$235,640 | \$243,867 | \$252,469 | \$261,468 |
| Excess Reserves for Transfer | \$1,249,764 | \$534,148 | \$487,112 | \$436,713 | \$382,733 | \$324,934 |

Water Status Quo Pro Forma – Fund 582

| Cash Flow | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| Beginning Balance - Fund 582 | \$614,073 | \$1,241,665 | \$1,137,448 | \$957,611 | \$697,160 | \$350,801 |
| Sources of Funds | | | | | | |
| Revenue | \$280,395 | \$285,685 | \$291,080 | \$296,584 | \$302,197 | \$307,923 |
| Interest Income | \$0 | \$10,107 | \$8,824 | \$6,944 | \$4,427 | \$1,231 |
| Transfer from 502 | \$1,249,764 | \$534,148 | \$487,112 | \$436,713 | \$382,733 | \$324,934 |
| Total - Sources of Funds | \$1,530,159 | \$829,940 | \$787,016 | \$740,241 | \$689,357 | \$634,089 |
| Uses of Funds | | | | | | |
| O&M Expenses | \$62,724 | \$64,919 | \$67,191 | \$69,543 | \$71,977 | \$74,496 |
| Rate Funded CIP | \$839,843 | \$869,238 | \$899,661 | \$931,149 | \$963,739 | \$997,470 |
| Total - Uses of Funds | \$902,567 | \$934,157 | \$966,852 | \$1,000,692 | \$1,035,716 | \$1,071,967 |
| Ending Balance - Fund 582 | \$1,241,665 | \$1,137,448 | \$957,611 | \$697,160 | \$350,801 | -\$87,077 |

Wastewater Status Quo Pro Forma – Fund 503

| Cash Flow | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Beginning Balance - Fund 503 | \$936,801 | \$180,342 | \$186,317 | \$192,561 | \$199,091 | \$205,928 |
| Sources of Funds | | | | | | |
| Rate Revenue | \$2,156,709 | \$2,194,332 | \$2,217,163 | \$2,240,629 | \$2,264,728 | \$2,288,828 |
| Miscellaneous Revenue | \$12,475 | \$12,631 | \$12,789 | \$12,951 | \$13,115 | \$13,284 |
| Interest Income | \$0 | \$1,910 | \$1,703 | \$1,484 | \$1,252 | \$999 |
| Total - Sources of Funds | \$2,169,184 | \$2,208,872 | \$2,231,656 | \$2,255,064 | \$2,279,095 | \$2,303,110 |
| Uses of Funds | | | | | | |
| O&M Expenses | \$1,803,424 | \$1,863,170 | \$1,925,608 | \$1,990,914 | \$2,059,275 | \$2,130,897 |
| Debt Service | \$449,875 | \$449,875 | \$449,876 | \$449,875 | \$449,875 | \$449,875 |
| Total - Uses of Funds | \$2,253,300 | \$2,313,045 | \$2,375,484 | \$2,440,789 | \$2,509,150 | \$2,580,771 |
| Ending Balance | \$852,686 | \$76,170 | \$42,489 | \$6,835 | -\$30,963 | -\$71,733 |
| Reserve Target | | | | | | |
| Operating Reserve | \$180,342 | \$186,317 | \$192,561 | \$199,091 | \$205,928 | \$213,090 |
| Excess Reserves for Transfer | \$752,968 | \$230,265 | \$481,139 | \$580,136 | \$635,315 | \$691,915 |

Wastewater Status Quo Pro Forma – Fund 583

| Cash Flow | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance - Fund 583 | \$120,369 | \$322,766 | \$21,162 | \$115,158 | \$101,756 | \$138,934 |
| Sources of Funds | | | | | | |
| Revenues | \$35,676 | \$35,676 | \$35,676 | \$35,676 | \$35,676 | \$35,676 |
| Transfer from 503 | \$752,968 | \$230,265 | \$481,139 | \$580,136 | \$635,315 | \$691,915 |
| Interest Income | \$0 | \$4,963 | \$1,172 | \$2,472 | \$2,549 | \$3,391 |
| Total - Sources of Funds | \$788,644 | \$270,904 | \$517,988 | \$618,284 | \$673,540 | \$730,982 |
| Uses of Funds | | | | | | |
| O&M Expenses | \$16,715 | \$17,300 | \$17,906 | \$18,533 | \$19,181 | \$19,853 |
| Rate Funded CIP | \$449,163 | \$232,442 | \$384,923 | \$497,995 | \$515,424 | \$533,464 |
| Total - Uses of Funds | \$465,878 | \$249,742 | \$402,829 | \$516,527 | \$534,606 | \$553,317 |
| Ending Balance | \$322,766 | \$21,162 | \$115,158 | \$101,756 | \$138,934 | \$177,665 |

Financial Plan Results Detail

Water Results:

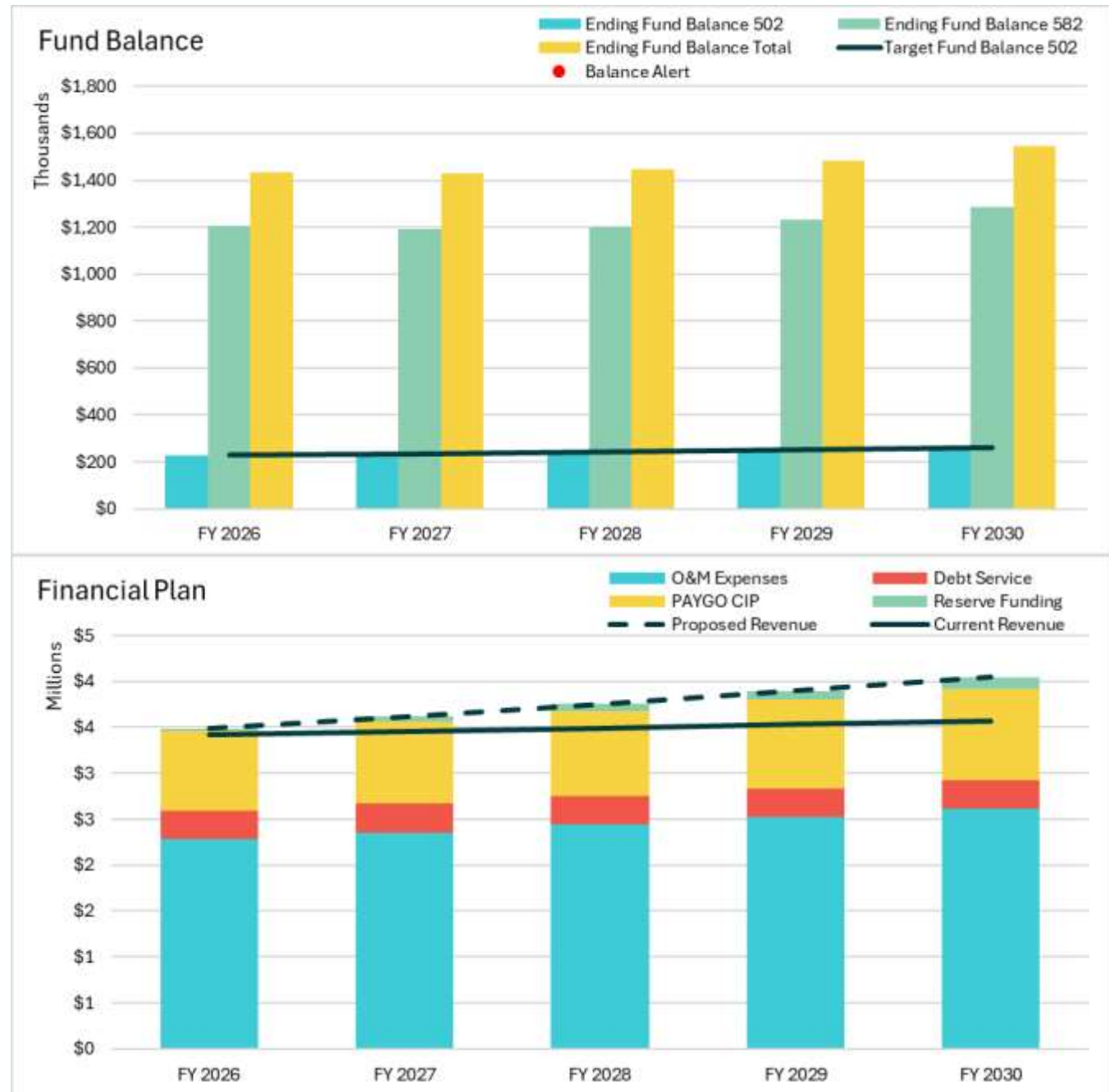
- All CIP cash funded
 - 100% of planned CIP all 5 years
- Revenue Increases Required:
 - 3.0% all 5 years
- Total Fund 502 and 582 balance ranges from \$1.4 to \$1.6 million through FY 2030

Wastewater Results:

- All CIP cash funded
 - 50% of planned CIP year 1
 - 80% of planned CIP year 2
 - 100% of planned CIP years 3-5
- Revenue Increases Required:
 - 15.0% revenue increase in FY 2026
 - 10.0% revenue increase in FY 2027
 - 3.0% increases each year thereafter
- Projected cash balance low point of \$200 thousand in FY 2026, reaches just under \$400 thousand by FY 2030

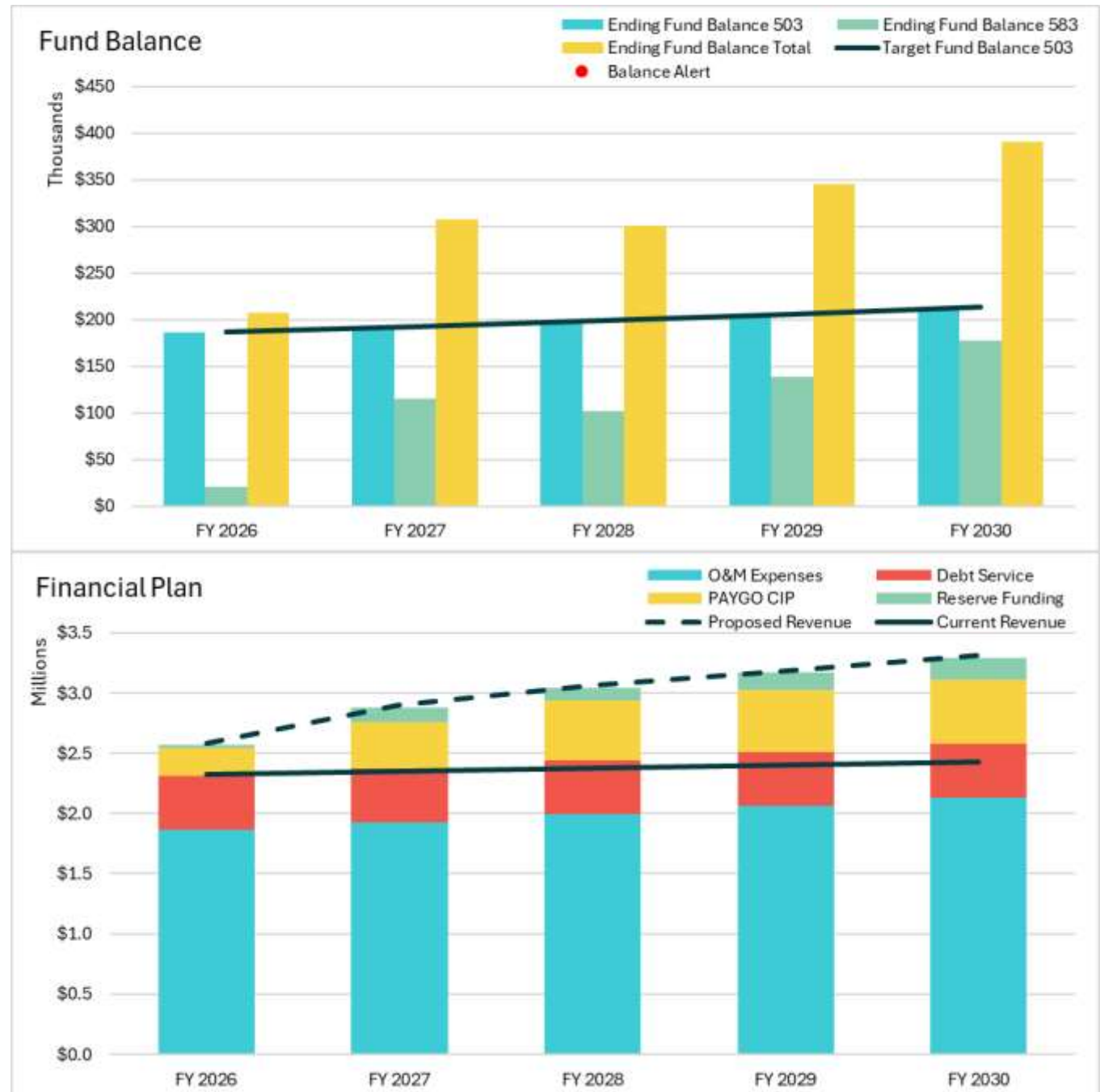
Water Results

| Fiscal Year | Rate Increase | CIP to Spend |
|-------------|---------------|--------------|
| 2026 | 3.0% | 100% |
| 2027 | 3.0% | 100% |
| 2028 | 3.0% | 100% |
| 2029 | 3.0% | 100% |
| 2030 | 3.0% | 100% |



Wastewater Results

| Fiscal Year | Rate Increase | CIP to Spend |
|-------------|---------------|--------------|
| 2026 | 15.0% | 50% |
| 2027 | 10.0% | 80% |
| 2028 | 3.0% | 100% |
| 2029 | 3.0% | 100% |
| 2030 | 3.0% | 100% |



Defining Cost of Service (COS)

- An objective approach to fairly recover costs across user classes based on their specific requirements
 - Examples: demand patterns, level of service, meter capacity, etc.,
- Allows for the matching of rates and charges to the costs incurred to serve customers
- Cost of service is an industry best practice and is required in California to align with Proposition 218

Proposed Water Rates

| Meter Charges | Current | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---------------|------------|------------|------------|------------|------------|------------|
| 5/8" & 3/4" | \$48.86 | \$48.99 | \$50.46 | \$51.98 | \$53.54 | \$55.15 |
| 1" | \$79.10 | \$76.72 | \$79.03 | \$81.41 | \$83.86 | \$86.38 |
| 1 1/2" | \$177.30 | \$146.05 | \$150.44 | \$154.96 | \$159.61 | \$164.40 |
| 2" | \$225.36 | \$229.25 | \$236.13 | \$243.22 | \$250.52 | \$258.04 |
| 3" | \$611.58 | \$451.10 | \$464.64 | \$478.58 | \$492.94 | \$507.73 |
| 4" | \$801.89 | \$700.69 | \$721.72 | \$743.38 | \$765.69 | \$788.67 |
| 6" | \$1,437.60 | \$1,394.00 | \$1,435.82 | \$1,478.90 | \$1,523.27 | \$1,568.97 |
| 8" | \$2,259.31 | \$2,225.96 | \$2,292.74 | \$2,361.53 | \$2,432.38 | \$2,505.36 |
| 10" | \$1,977.70 | \$5,831.14 | \$6,006.08 | \$6,186.27 | \$6,371.86 | \$6,563.02 |

| Variable Rate | Current | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---------------|---------|---------|---------|---------|---------|---------|
| All Classes | \$3.07 | \$3.33 | \$3.43 | \$3.54 | \$3.65 | \$3.76 |

Proposed Wastewater Rates

| Flat Rate | Current | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|------------------------|---------|---------|---------|---------|---------|---------|
| All Customers (\$/EDU) | \$52.85 | \$60.78 | \$66.86 | \$68.87 | \$70.94 | \$73.07 |

Water FY 2026 Bill Impacts

| Bill Impacts, 5/8" & 3/4" Meter | Low | Average | High |
|---------------------------------|---------|---------|----------|
| Monthly Usage (hcf) | 10 | 15 | 25 |
| Current Bill | \$79.56 | \$94.91 | \$125.61 |
| Proposed Bill | \$82.29 | \$98.94 | \$132.24 |
| Difference (\$) | \$2.73 | \$4.03 | \$6.63 |
| Difference (%) | 3.4% | 4.2% | 5.3% |

Wastewater FY 2026 Bill Impacts

| Bill Impacts | Residential | Hotel | Gen. Com. | Food Est. |
|-----------------|-------------|------------|-----------|-----------|
| # of Units | 1 | 45 | 1 | 58 |
| Current Bill | \$52.85 | \$1,664.78 | \$87.20 | \$551.75 |
| Proposed Bill | \$60.78 | \$1,914.57 | \$100.29 | \$634.54 |
| Difference (\$) | \$7.93 | \$249.80 | \$13.08 | \$82.79 |
| Difference (%) | 15% | 15% | 15% | 15% |



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