# NORTH COAST COUNTY WATER DISTRICT

## Water Rate Cost-of-Service Study

**May 11, 2026**

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May 11, 2026

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*Sent via email: acarr@nccwd.com*

**Subject: Water Rate Cost-of-Service Study – Draft Report**

Dear Adrianne Carr:

HF&H is pleased to submit this draft report to the North Coast County Water District. The report is organized beginning with determining how much projected revenue is needed from rates during the next three fiscal years, FY 2026-27 through 2028-29. The report describes the cost-of-service analysis that apportions the revenue requirement (expenses) between the residential and non-residential customers. The report concludes with a discussion of the rate design that is recommended for each class to ensure that customers are paying their proportionate shares.

The report reflects input from the Water Rates Advisory Committee, Board of Directors, and District staff in refining the budgeted expenses and rates. The resulting rate adjustments are recommended for several reasons. First, the previous cost-of-service study established rates from FY 2021-22 through the current year, FY 2025-26. Changes in consumption patterns during this period necessitate revisiting rates to ensure current rates are proportionate to the cost of service. Second, the cost of water that the District purchases from the San Francisco Public Utilities Commission (SFPUC) continues to rise. These projected cost increases are reflected in recommended rates. Third, the District has a capital improvement program to fund necessary upgrades, which include projects to address its primary water storage tanks and pipelines. These improvements are funded by the recommended rates.

Please contact us if you have any questions.

Very truly yours,

HF&H CONSULTANTS, LLC

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# GLOSSARY

**AWWA –** American Water Works Association

**BAWSCA** – Bay Area Water Supply & Conservation Agency

**CIP** – Capital Improvement Program

**COS –** Cost of service

**FY –** Fiscal year

**GPD –** Gallons per day

**HCF** One hundred cubic feet of water sold; 748 gallons; a cube of water 4.6 feet on edge, also referred to as one metered unit of water

**M1 Manual** – *Principles of Water Rates, Fees, and Charges*. American Water Works Association Manual M1. 2025

**Non-Residential** – Commercial, multi-family residential, irrigation, and municipal customer accounts served by North Coast County Water District. This customer class includes all customers that are not identified as either Recycled Water customers or Residential customers.

**O&M –** Operating and Maintenance of existing facilities

**PAYGo -** Refers to a method of paying for capital projects on a pay-as-you-go basis, rather than through long-term debt issuance.

**Recycled Water** – Customer class that receives recycled water from the District in place of potable water.

**Residential** – Single-family residential customer accounts served by North Coast County Water District.

**Service charge -** Refers to the District's fixed bi-monthly charge per account based on the size of the service or meter; the official title is "Supply and Distribution Charge." For ease of discussion, the terms "service charge" or "fixed charge" are used in this report.

**SFPUC –** San Francisco Public Utilities Commission

**Volumetric charge -** Refers to the District's charge per HCF/unit, which varies depending on the amount of water use during the billing period; the official title is "Water Usage Charge." For ease of discussion, the terms "volumetric Charge" or "volumetric rate" are used in this report.

**Water Shortage Revenue Stabilization Factors -** Factors that are applied to volume charge rates to stabilize revenue to meet the District's revenue requirements during periods of conservation when there are significant reductions in water usage, and hence in water revenues.

**WSCP –** Water Shortage Contingency Plan

# ACKNOWLEDGEMENTS

Board of Directors
- William Hauser, Board President
- Anne De Jarnatt, Vice President
- Joshua Cosgrove, Director
- Ron Ash, Director
- John Vallero, Director

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# LIMITATIONS

This document was prepared solely for the North Coast County Water District in accordance with the contract between the District and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, we relied on information from the District, which we consider accurate and reliable. Our analysis is based on the best available information at the time of the study.

Rounding differences caused by stored values in electronic models may exist.

This document represents our understanding of relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this document should be referred to a qualified attorney.

# Executive Summary

The Executive Summary presents the findings and recommendations in this report. The report was reviewed with District staff.

## STUDY OBJECTIVES

The District undertook this rate study to meet the following key objectives.

1. **Provide revenue sufficiency and financial stability -** Ensure revenues from future water rates continue covering costs without depleting reserves and maintaining necessary debt service coverage requirements. Revenue requirement projections (i.e., expenses) are increasing with expanded capital program expenses to upgrade aging infrastructure.

2. **Maintain adequate reserves to meet District policies** – Confirm future rates will continue to generate revenues that will keep the District's reserve balance in line with its target threshold to have sufficient reserves on hand for operational cash flow, debt service payments, unplanned emergencies, retirement funding liability, and capital project funding.

3. **Rate payer equity -** Revisit allocation of the District's costs to verify each customer class pays its proportionate share of expenses. Each customer within each customer class should also pay its proportionate share of expenses via volumetric and service capacity charges.

## FINDINGS AND RECOMMENDATIONS

The following findings and recommendations are made.

1. **Annual rate revenue increases.** Annual revenue increases of 7%, 6%, and 6% over the next three fiscal years, FY 2026-27 through FY 2028-29, are recommended so that the projected reserve fund balance stays above the minimum balance while addressing cost increases the District has absorbed since the previous cost-of-service study.

2. **Rate revenue realignment.** The revenue from volumetric and service charges was realigned based on the cost-of-service analysis. The realignment shifts certain costs that were previously allocated to the service charges to the volumetric charges. This shift improves the alignment of fixed costs with fixed charges (i.e., service charges) and of variable costs with variable charges (i.e., volumetric charges). As a result, volumetric rate revenues increase 18.4% and service charges revenues decrease 16.6%. These changes also reflect an overall revenue increase of 7%.

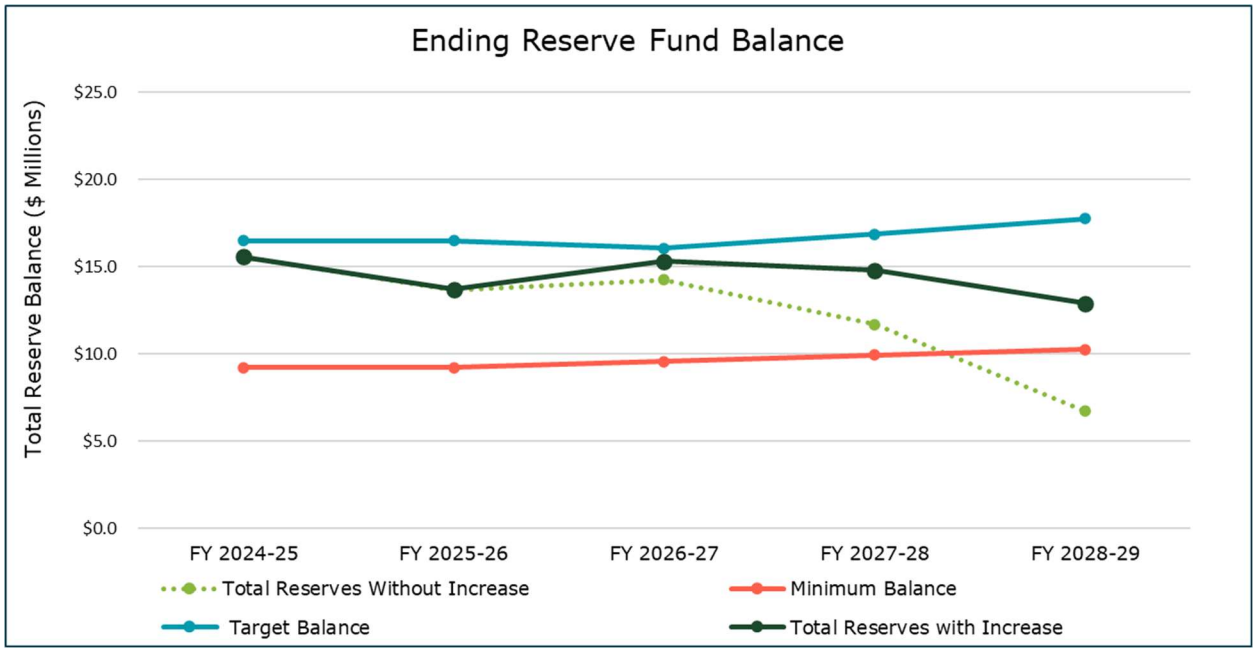
3. **Operating cost increases.** Operating and Maintenance (O&M) expenses comprise the largest category of expenses. Collectively this category of expenses is estimated to increase on average 3.1% annually from the current budget year, FY 2025-26, through FY 2028-29.

4. **Capital cost increases and future debt issuance.** The District's three-year capital plan projections show $7.4 million in escalated project costs. More than $4.4 million of this total is attributed to tank recoating projects and pipeline replacement projects. All projects planned during this period are to be funded on a pay-as-you-go (PAYGo) basis from existing reserves and rate revenues. No new debt issuance is assumed.

5. **Cost of purchased water.** The District is entirely reliant on the San Francisco Public Utilities Commission (SFPUC) for its potable water supply. The cost of water will increase from $5.80 per Hundred Cubic Foot (HCF) in FY 2025-26 to $6.23 per HCF in FY 2026-27, an increase of 7.4%. The SFPUC provided their most-recent projections, which show increases in the cost of water to $6.91 per HCF by FY 2028-29. The wholesale rate is projected to increase 7.4% and 3.3% in FY 2027-28 and FY 2028-29, respectively.

6 **Reserve Fund Balance[1] (Figure 1-1).** With the recommended rate revenue increases, the District's reserve fund balance (solid green line) is projected to exceed the minimum balance (red line), which is recommended to maintain a minimum working capital allowance for O&M expenses. However, the rate revenue increases are not sufficient to achieve the overall target balance (solid blue line), which covers both the operating and capital targets.

**Figure 1-1. Year End Projected Reserve Fund Balances**




[1] The fund balance includes reserves for operations, capital, debt, emergency, and retirement and does not capture the District's restricted reserves that are not related to ratemaking. These include Compensated Absences, Retiree COLA Payment, and Storage and Transmission Fees.

7. **Debt coverage ratio.** With the recommended revenue increases, the District's debt service coverage[2] is higher than the required 1.2 ratio in all years of the rate study. The following values summarize the projected debt coverage ratios after accounting for the recommended revenue increases:

   FY 2026-27 – 1.76

   FY 2027-28 – 1.86

   FY 2028-29 – 2.10

8. **Revenue changes by customer class and by charge. Figure 1-2** compares the revenue from current rates in FY 2025-26 with the cost of service for FY 2026-27. This figure indicates how much revenue is needed from volumetric and service charges[3] to generate the level of revenue needed in FY 2026-27. This figure also shows the comparison of volumetric rate revenue increases needed from the Residential[4] class (19.1%) versus the Non-Residential[5] class (17.0%). Service charge rates will decrease by 16.6%. The proposed rates, effective August 1, 2026, were derived to generate the necessary revenue and were structured based on the cost-of-service analysis. As a result, the portion of revenue generated by service charges is projected to decrease from 32.5% to 25.4%.

[2] Debt service coverage is the amount of rate revenue available to pay debt service after operating expenses have been paid. The minimum required revenue coverage is 1.2 times the amount of annual debt service after operating expenses have been paid from rate revenue.
[3] As noted in the Glossary, the District's volumetric and service charges are officially titled Water Usage and Supply and Distribution Charges, respectively. The shorter terms are used in this report for ease of discussion.
[4] Throughout this report, the term, "Residential" will be used to refer to the single-family residential customer class.
[5] The Non-Residential class includes commercial customers, multi-unit residences, irrigation customers, public customers, temporary meters, and recycled water customers, except when the recycled water customer class is identified separately. The cost-of-service analysis considered Non-Residential and Recycled Water customers as one customer class.

**Figure 1-2. Current Rate Revenue Compared with the Cost-of-Service**

| Components of Rate Structure | Revenue at Current Rates (FY 2025-26) | | Cost of Service FY 2026-27 Revenue | | Difference COS Minus Current | |
|---|---|---|---|---|---|---|
| **Volumetric Rates** | | | | | | |
| Residential | $6,629,946 | 44.8% | $7,898,323 | 49.9% | $1,268,377 | 19.1% |
| Non-Residential | $3,343,266 | 22.6% | $3,910,741 | 24.7% | $567,475 | 17.0% |
| | $9,973,212 | 67.5% | $11,809,063 | 74.6% | $1,835,851 | 18.4% |
| **Service Charges** | | | | | | |
| Residential | $4,249,807 | 28.7% | $3,634,201 | 23.0% | ($615,606) | -14.5% |
| Non-Residential | $562,089 | 3.8% | $376,801 | 2.4% | ($185,288) | -33.0% |
| | $4,811,896 | 32.5% | $4,011,002 | 25.4% | ($800,894) | -16.6% |
| **Share of Revenue** | | | | | | |
| Residential | $10,879,753 | 73.6% | $11,532,524 | 72.9% | $652,771 | 6.0% |
| Non-Residential | $3,905,354 | 26.4% | $4,287,541 | 27.1% | $382,187 | 9.8% |
| **Total Revenue** | **$14,785,108** | 100.0% | **$15,820,065** | 100.0% | **$1,034,958** | **7.0%** |

**Figure 1-2** compares the revenue collected from current rates by customer class with the revenue under the proposed rates for FY 2026-27. The cost-of-service analysis resulted in an increased share of revenues to be paid by Non-Residential customers, such that their share of revenues is projected to increase from 26.4% to 27.1%. In turn, the share of Residential revenues is projected to decrease slightly from 73.6% to 72.9% of the overall rate revenue. While revenues for each customer class are increasing to generate an overall 7.0% revenue increase for FY 2026-27, Non-Residential customers will see a larger rate increase than Residential customers as a result of the cost-of-service analysis.

9. **Service charge rate adjustments. Figure 1-3** shows the current and proposed service charges, which collectively decrease 16.6% effective August 1, 2026 to re-align with the cost-of-service, and then increase annually 6% and 6%.

**Figure 1-3. Current and Cost-of-Service Based Bi-Monthly Service Charges**

| Meter Size | Current Charge per Service | Proposed Rates by Effective Date 8/1/2026 | 7/1/2027 | 7/1/2028 |
|---|---|---|---|---|
| 5/8" | $60.18 | $51.98 | $55.10 | $58.41 |
| 3/4" | $66.26 | $55.52 | $58.85 | $62.38 |
| 1" | $84.39 | $62.62 | $66.38 | $70.36 |
| 1.5" | $108.46 | $80.35 | $85.17 | $90.28 |
| 2" | $175.18 | $101.62 | $107.72 | $114.18 |
| 3" | $662.52 | $199.15 | $211.10 | $223.77 |
| 4" | $843.45 | $310.85 | $329.50 | $349.27 |
| 6" | $1,265.21 | $612.29 | $649.03 | $687.97 |
| 8" | $1,747.17 | $1,037.84 | $1,100.11 | $1,166.12 |
| 10" | $2,349.76 | $1,534.32 | $1,626.38 | $1,723.96 |
| 12" | $2,952.35 | $1,924.41 | $2,039.87 | $2,162.26 |
| *Rate Increase %* | | *varies* | *6%* | *6%* |

10. **Volumetric charge rate structure. Figure 1-4** shows the current and cost-of-service volumetric rate structure. The Residential volumetric rates are tiered; the Non-Residential and Recycled Water rates are uniform charges. The size of the Residential tiers is generally based on residential billing data. The 5 HCF breakpoint for Tier 1 has been based on an allowance for very low water use. Recent water use data indicates that average winter water use is 8 HCF. It is recommended that the breakpoints for all tiers should be based on billing data rather than allowances. Because average winter water use (8 HCF) is so close to average annual water use (9 HCF, the basis for the existing Tier-2's breakpoint) we recommend combining Tier-1 with Tier-2.

    Rates for Non-Residential and Recycled Water customers are not tiered and increase to generate their shares of the revenue requirement.

**Figure 1-4. Current and Cost-of-Service-Based Bi-Monthly Volumetric Rates**

| Customer Class | Current Tier Size | $/HCF | Customer Class | Proposed Tier Size | Proposed Rates by Effective Date 8/1/2026 | 7/1/2027 | 7/1/2028 |
|---|---|---|---|---|---|---|---|
| Residential | | | Residential | | | | |
| Tier-1 | 0-5 hcf | $7.28 | Tier-1 | 0-9 hcf | $10.15 | $10.76 | $11.41 |
| Tier-2 | 6-9 hcf | $10.77 | Tier-2 | 10-12 hcf | $11.65 | $12.35 | $13.09 |
| Tier-3 | 10-13 hcf | $14.44 | Tier-3 | Over 12 hcf | $14.57 | $15.44 | $16.37 |
| Tier-4 | Over 13 hcf | $17.67 | | | | | |
| Non-Residential | All usage | $10.06 | Non-Residential | All usage | $11.72 | $12.42 | $13.17 |
| Recycled Water | All usage | $9.05 | Recycled Water | All usage | $10.55 | $11.18 | $11.85 |
| | | | | *Rate Increase %* | *varies* | *6%* | *6%* |

11. **Volumetric charge rates. Figure 1-5** compares the breakpoints and rates for the current and cost-of-service-based tiers for Residential accounts. The percentage increases differ from tier to tier. The proposed Tier-1 rates combine the current Tier-1 and Tier-2 rates. The proposed structure is a three-tier structure.

**Figure 1-5. Comparison of Current and Proposed Residential Rates by Tier**

| Bi-Monthly Demand HCF | Bi-Monthly Demand Gal/Day | Current Rate | FY 2026-27 Proposed Rate | $ Change |
|---|---|---|---|---|
| 1 | 12 | $7.28 | $10.15 | $2.87 |
| 2 | 25 | $7.28 | $10.15 | $2.87 |
| 3 | 37 | $7.28 | $10.15 | $2.87 |
| 4 | 50 | $7.28 | $10.15 | $2.87 |
| 5 | 62 | $7.28 | $10.15 | $2.87 |
| 6 | 75 | $10.77 | $10.15 | ($0.62) |
| 7 | 87 | $10.77 | $10.15 | ($0.62) |
| 8 | 100 | $10.77 | $10.15 | ($0.62) |
| 9 | 112 | $10.77 | $10.15 | ($0.62) |
| 10 | 125 | $14.44 | $11.65 | ($2.79) |
| 11 | 137 | $14.44 | $11.65 | ($2.79) |
| 12 | 150 | $14.44 | $11.65 | ($2.79) |
| 13 | 162 | $14.44 | $14.57 | $0.13 |
| 14 | 175 | $17.67 | $14.57 | ($3.10) |

12. **Fire Protection Service charges.** The charges for all private fire protection service connections, which include all structures that have a fire service line, are increasing at the same percentages as the overall revenue increases proposed. **Figure 1-6** summarizes the current and proposed bi-monthly fire protection service charges.

**Figure 1-6. Current and Proposed Bi-Monthly Fire Protection Service Charges**

| Fireline Size | Current Charge per Service | Proposed Rates by Effective Date 8/1/2026 | 7/1/2027 | 7/1/2028 |
|---|---|---|---|---|
| 2" or less | $13.51 | $14.46 | $15.33 | $16.25 |
| 4" | $42.23 | $45.19 | $47.90 | $50.77 |
| 6" | $84.45 | $90.36 | $95.78 | $101.53 |
| 8" | $168.89 | $180.71 | $191.55 | $203.04 |
| *Rate Increase %* | | *7%* | *6%* | *6%* |

13. **Pass-through adjustments to volumetric rates.** The cost of SFPUC water is the single largest component of the District's revenue requirements. Because the District has no control over the SFPUC's wholesale water rate, this cost is simply passed through to the District's customers. The SFPUC provides projections of its future wholesale water rates, which are built into the rate projections in this study:

    July 2026 – $6.23 per HCF

    July 2027 – $6.69 per HCF

    July 2028 – $6.91 per HCF

The SFPUC updates its projections each year as part of the rate-making process legally prescribed in the wholesale Water Supply Agreement[6]. California Government Code Section 53756 authorizes water suppliers to adjust their rates in response to changes in pass-through costs. We recommend that the District incorporate annual pass-through adjustments in its Residential and Non-Residential rates. Recycled water rates would change in relation to pass-through adjustments to Non-Residential rates to maintain a ratio of 90% of the Non-Residential rate.

14. **Implement Water Shortage Revenue Stabilization Factors.** Water Shortage Revenue Stabilization Factors are designed to offset the amount of revenue shortfall caused by conservation during specific Board-adopted, water shortage stages. The Board of Directors can choose to implement the Water Shortage Revenue Stabilization Factors, shown in **Figure 1-7**, during declared water shortage emergencies. The Water Shortage Revenue Stabilization Factors are designed to align with the District's six water shortage levels in the District's adopted Water Shortage Contingency Plan and are applied to the volumetric rates to ensure that there are sufficient revenues to fund the District's obligations during shortages.

**Figure 1-7. Water Shortage Revenue Stabilization Factors**

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 1.032 | 1.065 | 1.123 | 1.198 | 1.300 | 1.410 |
| **Non-Residential** | 1.034 | 1.070 | 1.133 | 1.217 | 1.334 | 1.468 |

*To be applied to the non-shortage rates effective at the time of shortage declaration*

15. **Customer bill impacts.** With the proposed rates, all Residential customers with a 5/8-inch meter[7] will pay less than the overall 7% revenue increase per bill for FY 2026-27. Residential customers that use two HCF (units) or less per billing cycle will see bill reductions because of the reduced service charge. Residential customers using 11 HCF or more will also see bill reductions because of lower volumetric rates. Nearly two-thirds of Residential customer bills do not exceed 9 HCF (Tier-1's breakpoint proposed). At this level of use they will pay only 2.6% more than current rates despite the overall 7% revenue increase. **Figure 1-8** compares bills for Residential customers with a 5/8-inch meter.

[6] Amended and Restated Water Supply Agreement between the City and County of San Francisco and Wholesale Customers dated January 2021

[7] 90.4% of all customers have 5/8-inch services.

**Figure 1-8. Current and Proposed Residential Bill Comparison**

| Bi-Monthly Demand | | Residential Bi-Monthly Bills (5/8" Service) | | | |
|---|---|---|---|---|---|
| | | Current | Proposed FY 2026-27 | $ | % |
| HCF | Gal/Day | Rates | (3-Tiers) | Difference | Difference |
| 0 | 0 | $60.18 | $51.98 | ($8.20) | -13.6% |
| 1 | 12 | $67.46 | $62.13 | ($5.33) | -7.9% |
| 2 | 25 | $74.74 | $72.28 | ($2.46) | -3.3% |
| 3 | 37 | $82.02 | $82.43 | $0.41 | 0.5% |
| 4 | 50 | $89.30 | $92.58 | $3.28 | 3.7% |
| 5 | 62 | $96.58 | $102.73 | $6.15 | 6.4% |
| 6 | 75 | $107.35 | $112.88 | $5.53 | 5.2% |
| 7 | 87 | $118.12 | $123.03 | $4.91 | 4.2% |
| 8 | 100 | $128.89 | $133.18 | $4.29 | 3.3% |
| 9 | 112 | $139.66 | $143.33 | $3.67 | 2.6% |
| 10 | 125 | $154.10 | $154.98 | $0.88 | 0.6% |
| 11 | 137 | $168.54 | $166.63 | ($1.91) | -1.1% |
| 12 | 150 | $182.98 | $178.28 | ($4.70) | -2.6% |
| 13 | 162 | $197.42 | $192.85 | ($4.57) | -2.3% |
| 14 | 175 | $215.09 | $207.42 | ($7.67) | -3.6% |
| 15 | 187 | $232.76 | $221.99 | ($10.77) | -4.6% |
| 16 | 199 | $250.43 | $236.56 | ($13.87) | -5.5% |
| 17 | 212 | $268.10 | $251.13 | ($16.97) | -6.3% |
| 18 | 224 | $285.77 | $265.70 | ($20.07) | -7.0% |
| 19 | 237 | $303.44 | $280.27 | ($23.17) | -7.6% |
| 20 | 249 | $321.11 | $294.84 | ($26.27) | -8.2% |
| 21 | 262 | $338.78 | $309.41 | ($29.37) | -8.7% |
| 22 | 274 | $356.45 | $323.98 | ($32.47) | -9.1% |
| 23 | 287 | $374.12 | $338.55 | ($35.57) | -9.5% |
| 24 | 299 | $391.79 | $353.12 | ($38.67) | -9.9% |
| 25 | 312 | $409.46 | $367.69 | ($41.77) | -10.2% |
| 26 | 324 | $427.13 | $382.26 | ($44.87) | -10.5% |
| 27 | 337 | $444.80 | $396.83 | ($47.97) | -10.8% |
| 28 | 349 | $462.47 | $411.40 | ($51.07) | -11.0% |
| 29 | 362 | $480.14 | $425.97 | ($54.17) | -11.3% |
| 30 | 374 | $497.81 | $440.54 | ($57.27) | -11.5% |

Bill impacts for Non-Residential customers vary. While all customers will see a reduction to their fixed service charge, the savings on the overall bill hinges upon usage. In general, customers with larger meters will save across a broader range of usage. For example, customers with a 3-inch water meter will see a reduction to their bill if using 279 HCF or less while customers with a 3/4-inch meter will only see a reduction when usage is 6 HCF or less.

16. **Comparison with neighboring agencies. Figure 1-9** compares the District's current and proposed Residential volumetric rates to some of its neighboring water suppliers. The number of tiers and water use within each tier differs between

jurisdictions. **Figure 1-9** also compares the water bills paid by customers with a 5/8-inch water meter, or the smallest meter size available. Even with the proposed rates, the District's Residential customers will pay among the lowest for low water use (5 HCF), average water use (9 HCF), and high water use (18 HCF) among customers in neighboring jurisdictions.

**Figure 1-9. Residential Volumetric Rates Comparison**

| | NCCWD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Rates per Tier ($/HCF)** | | | | | | | | | | |
| | Current | Proposed | Burlingame | Coastside | Hillsborough | Montara | San Bruno | Daly City | Millbrae | Westborough |
| Tier 1 | $7.28 | $10.15 | $9.79 | $13.30 | $7.59 | $10.29 | $10.79 | $7.99 | $15.42 | $11.69 |
| Tier 2 | $10.77 | $11.65 | $10.98 | $19.76 | $9.91 | $13.58 | $12.80 | $10.58 | | |
| Tier 3 | $14.44 | $14.57 | $12.18 | $23.93 | $15.63 | $16.83 | $16.83 | $14.60 | | |
| Tier 4 | $17.67 | | $13.38 | | $20.96 | $22.59 | | | | |
| Tier 5 | | | $14.58 | | | | | | | |
| **Breakpoints (Bi-monthly HCF)** | | | | | | | | | | |
| BP #1 | 5 | 9 | 5 | 8 | 22 | 12 | 20 | 13 | uniform | uniform |
| BP #2 | 9 | 12 | 11 | 16 | 44 | 26 | 40 | 26 | | |
| BP #3 | 13 | | 21 | | 78 | 54 | | | | |
| BP #4 | | | 32 | | | | | | | |
| **Effective Date** | *7/1/2025* | *8/1/2026* | *1/1/2019* | *1/19/2026* | *1/1/2026* | *6/12/2025* | *1/1/2026* | *7/1/2026* | *7/1/2026* | *7/1/2026* |
| **Sample Bi-Monthly Water Bill with the smallest available meter size and range of water usage** | | | | | | | | | | |
| 5 HCF | $96.58 | $102.73 | $132.98 | $149.36 | $205.58 | $122.77 | $114.85 | $103.60 | $145.80 | $135.27 |
| 9 HCF | $139.66 | $143.33 | $176.49 | $209.02 | $235.94 | $163.93 | $158.01 | $135.56 | $207.48 | $182.03 |
| 18 HCF | $285.77 | $265.70 | $284.07 | $395.20 | $304.25 | $276.28 | $255.12 | $220.42 | $346.26 | $287.24 |

## IMPLEMENTATION

After increasing rates effective August 1, 2026, the District should monitor its rates before implementing subsequent rate increases. Several factors influence the accuracy of the projections. For example, the cost of SFPUC water is subject to annual adjustment by the SFPUC. In addition, customer demand is subject to water supply availability, which cannot be precisely projected.

Each year, the District should determine how much, if any, pass-through adjustment is required as soon as the SFPUC submits its updated wholesale rates, which is typically in April or May of each year. The wholesale rate used for the projections in this study should be compared with the updated rate and the difference either added to or subtracted from the District's volumetric rates.

# Section 1. Introduction

The District provides potable water and recycled water services to the City of Pacifica. Since 2001, HF&H Consultants, LLC has assisted the District with its water rates and capacity charges. Most recently in 2021, HF&H completed a five-year, cost-of-service study, recommending implementation of proposed rates each year. As a result of the previous study, rate adjustments in FY 2021-22 were revenue neutral and then were followed by four consecutive increases of 3% that were applied uniformly through FY 2025-26.

In 2025, the District requested HF&H to perform a new three-year, cost-of-service rate study to establish rates for a three-year period beginning with FY 2026-27. The purpose of this report is to document the analysis and summarize our assumptions, findings, and recommendations.

The report is organized to explain how the revenue requirements are determined over the next three years. As part of the documentation, this report includes a copy of the spreadsheet model that was used to derive rates.

## STUDY PURPOSE

The purpose of this study is to conduct a cost-of-service analysis that will determine rates that proportionally recover the cost of providing the District's water service. Toward that end, the cost-of-service analysis determined how much revenue should be generated by each component of the rate structures so that rate payers within each customer class are charged for their proportionate shares of the cost of providing service. The cost-of-service analysis is tailored specifically to the District's customer classes and the rate structures.

## STUDY PROCESS

The water rates in this study were developed using rate-making principles set forth by the American Water Works Association (AWWA) in *Principles of Water Rates, Fees and Charges* (M1 Manual)[8]. This Manual's cost-of-service principles endeavor to distribute costs to customer classes (also referred to as classes) and to individual customers in proportion to customers' impacts on the water system. Pursuant to the M1 Manual, rate studies generally contain three elements: (1) a revenue requirements analysis, which determines how much revenue is needed from rates to recover a utility's projected costs; (2) a cost-of-service analysis, which allocates the revenue requirements to the rate components and customer classes; and (3) a rate design analysis, which determines any modifications that are required to align the rate structure with the cost of service.

Revenue requirements were projected for a three-year planning period based on operations, maintenance, capital expenses, and contributions to reserves. The cost-of-service analysis allocates the projected expenses among the customer classes in proportion to their use of the systems. Rates are then designed so that rate payers are charged equitably. The impact on customers is then determined by comparing bills under the proposed rates with bills under the current rates.

[8] *Principles of Water Rates, Fees, and Charges.* American Water Works Association Manual M1. 2025.

## REPORT ORGANIZATION

This report describes the steps taken to analyze the District's water rates. There are four sections following this Introduction section: Revenue Requirements, Cost-of-Service Analysis, Rate Design, and Customer Bill Impacts. A glossary of technical terms and acronyms is provided following the Table of Contents. An appendix contains a copy of portions of the rate model that are not included in the body of the report text as figures.

# Section 2. Revenue Requirement Projections

The revenue requirement analysis began with the FY 2025-26 budgeted O&M and capital expenditures. Revenue requirements for each fiscal year were then projected over a three-year planning period, through FY 2028-29. Revenue increases needed to cover the projected revenue requirements were then determined through comparison with projected revenue from current rates. Annual surpluses and deficits were then applied to the reserve funds. Rates were then increased to cover expenses and maintain operating and capital reserves.

## ASSUMPTIONS AND PROJECTIONS

The District's FY 2025-26 budget informed the projections for FY 2026-27, which served as the basis of the revenue requirement. The operating and maintenance expenses were projected through FY 2028-29 using appropriate escalation factors. Capital expenses were projected based on the District's current capital improvement program. Projects were segregated into categories depending on whether they are to be funded from cash on a pay-as-you-go basis or from bond proceeds. In addition to the District's budgeted expenses, the revenue requirement includes transfers to the Operating and Capital Improvement Reserves.

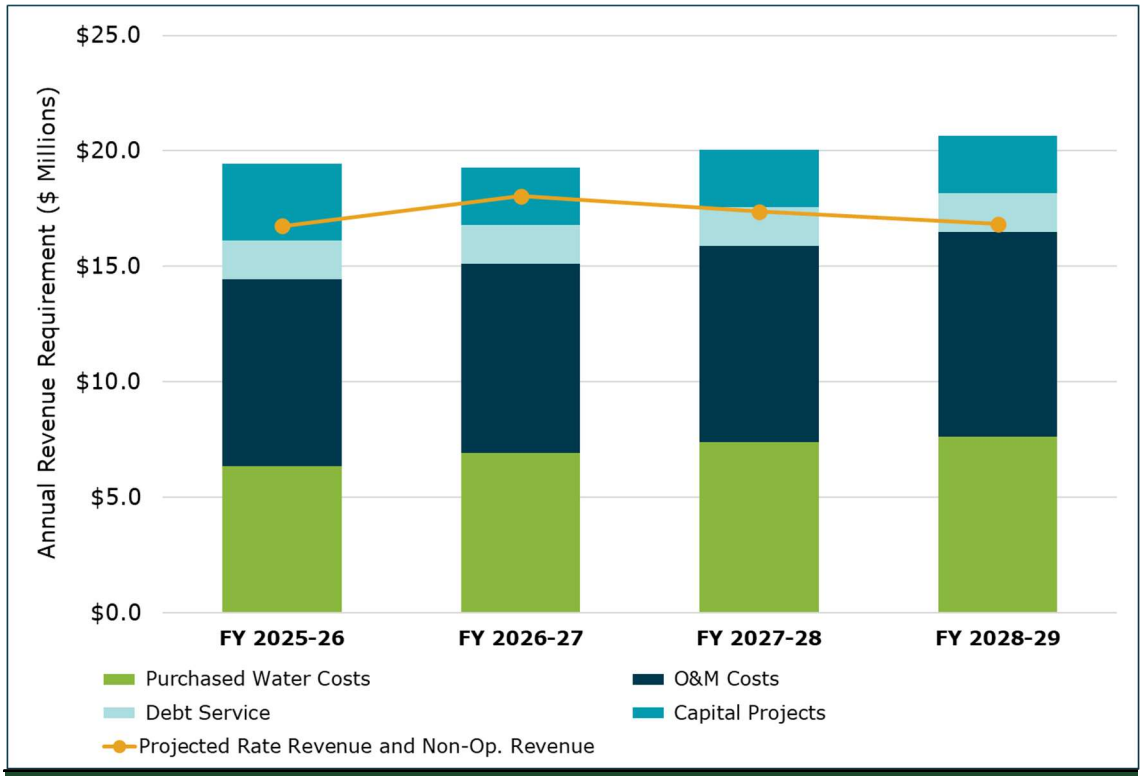
The assumptions shown in **Figure 2-1** were used to project expenses through FY 2028-29.

**Figure 2-1. Modeling Assumptions**

| | Budget | Projected | | |
|---|---|---|---|---|
| Assumptions | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
| General Inflation | Per Budget | 3.0% | 3.0% | 3.0% |
| Utilities | Per Budget | 5.0% | 5.0% | 5.0% |
| Salary Increases | Per Budget | 3.0% | 3.0% | 3.0% |
| Pension | Per Budget | 7.0% | 7.0% | 7.0% |
| SFPUC Water Rate per HCF | $5.80 | $6.23 | $6.69 | $6.91 |
| | % Change | 7.4% | 7.4% | 3.3% |
| SFPUC Purchases (HCF) | 997,846 | 1,022,277 | 1,022,277 | 1,022,277 |
| Assumed Losses | 5.9% | 7.0% | 7.0% | 7.0% |
| Liability Insurance | Per Budget | 5.0% | 5.0% | 5.0% |
| Interest on Earnings | 4.0% | 3.0% | 2.0% | 2.0% |
| Non-rate Revenues | Per Budget | 1.0% | 1.0% | 1.0% |
| % Cutbacks due to Conservation | 0.0% | 0% | 0% | 0% |
| Growth in Accounts | 0.0% | 0.00% | 0.24% | 0.24% |
| Construction Cost Inflation | Per Budget | 3.3% | 3.3% | 3.3% |
| Benefit Increases | Per Budget | 7.0% | 7.0% | 7.0% |
| Change in Residential Consumption | 0% | 0.0% | 0.0% | 0.0% |
| Change in Non-Residential Consumption | 0% | 0.0% | 0.0% | 0.0% |
| Change in Irrigation Consumption | 0% | 0.0% | 0.0% | 0.0% |
| Change in Recycled Water Consumption | 0% | 0.0% | 0.0% | 0.0% |

The resulting total revenue requirement projections are shown in **Figure 2-2** as stacked bars. In addition, the revenue from current rates is shown as a solid orange line.

**Figure 2-2. Revenue Requirement Projections**




| | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|---|---|---|---|---|
| Purchased Water Costs | $6,351,032 | $6,914,331 | $7,400,945 | $7,642,703 |
| O&M Costs | $8,107,500 | $8,196,865 | $8,501,536 | $8,861,550 |
| Debt Service | $1,669,325 | $1,673,300 | $1,666,794 | $1,668,006 |
| Capital Projects | $3,318,364 | $2,478,190 | $2,478,190 | $2,478,190 |
| ***Total*** | **19,446,221** | **19,262,686** | **20,047,464** | **20,650,448** |

The expenditure categories are as follows:

## *SFPUC Water Purchases*

The San Francisco Public Utilities Commission (SFPUC) provides nearly all of the District's water at a cost set by the SFPUC. The cost of SFPUC water depends on (1) the SFPUC's rates, which are set by the SFPUC and out of the District's control, and (2) the amount of water purchased. The District's customers are very efficient water users. Their per capita water use is among some of the lowest in the state.

Projections of future water purchase expenses relied on SFPUC rates and future demand. In March, SFPUC announced plans to increase the current wholesale water rate of $5.80 per HCF to $6.23 beginning FY 2026-27 to all Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies, including the District. Rates are projected to increase further to $6.91 per HCF by FY 2028-29, an average annual increase of 5.5%. It is possible the wholesale water rate projections may be different than estimated values, but the model follows information provided by SFPUC.

Water purchase projections assume future demand will remain constant. Projections of demand in FY 2026-27 of 1,022,277 HCF in water sales reflect actual 2024-25 water purchase volumes. The District does not anticipate substantive growth in water sales or customer account growth during the study period. Hence, changes to demand projections are assumed to remain neutral.

## *O&M Expenses*

Operations and Maintenance (O&M) expenses include labor, benefits, materials, utilities, and non-operating expenditures, such as BAWSCA dues, professional fees, and insurance. Various cost escalation assumptions were applied to the expenses within this category based on **Figure 2-1** including increases associated with utilities, salaries, pensions, liability insurance, benefit increases, and general inflation. Collectively for this sum of expenses, there is an estimated average annual increase of 3.1% from the current budget year, FY 2025-26, through FY 2028-29. This group of expenses is represented by the dark blue bar (O&M Costs) of the revenue requirement.

## *Capital Improvements*

Beginning FY 2026-27, the District's three-year capital plan assumes $7.4 million in project costs. More than $4.4 million of this total is attributed to two projects: 1) Recoating projects for the Hickey, Tapis, and Vallemar tanks and 2) Annual pipeline replacement to address the District's risk-prioritized list of system pipelines. All projects are planned to be funded on a pay-as-you-go (PAYGo) basis. These PAYGo projects reflect the District's need to renew and replace its infrastructure to keep pace with depreciation. Without these expenditures, service levels will be affected, which could lead to service interruptions, water quality violations, and other unacceptable conditions. Present day construction cost estimates provided by the District have been escalated to capture assumed increases to construction labor and material supply costs. Over the three-year period of this study, the District anticipates spending approximately $2.5 million annually for PAYGo capital projects. This figure is represented as the teal bar in the revenue requirement of **Figure 2-2**. Specific capital improvement projects planned during the upcoming three-year period are listed in **Figure 2-3**.

**Figure 2-3. Capital Improvement Program Budget**

| Project Name | Estimated FY 2025-26 | Projected FY 2026-27 | FY 2027-28 | FY 2028-29 |
|---|---|---|---|---|
| 21" Transmission Main Pipeline Project | $0 | $50,000 | $100,000 | $0 |
| Emergency Pipeline Repairs | $100,000 | $100,000 | $100,000 | $100,000 |
| Loop at Everglades Dr. Pipeline Replacement | $714,364 | $0 | $0 | $0 |
| Pressure Zone 1 Transmission Line Evaluation | $0 | $0 | $100,000 | $0 |
| Annual Pipeline CIP | $0 | $300,000 | $300,000 | $1,000,000 |
| Vehicle Replacement - Pickup Trucks | $215,000 | $55,000 | $120,000 | $400,000 |
| Automated Metering Infrastructure Upgrade | $700,000 | $0 | $0 | $0 |
| Water System Hydraulic Model Update & Integration with GIS | $120,000 | $20,000 | $20,000 | $20,000 |
| Sheila Tank - Construction | $955,000 | $0 | $0 | $0 |
| Fassler Tank - Design / Construction | $150,000 | $50,000 | $100,000 | $500,000 |
| Christen Hill Tank Exterior Painting Project | $0 | $0 | $0 | $0 |
| Park Pacifica Tank and Pump Station Upgrades | $150,000 | $0 | $100,000 | $0 |
| Tank Recoating (Hickey, Tapis, Vallemar) | $0 | $150,000 | $1,200,000 | $1,200,000 |
| Reservoir Site Paving Project (Annual) | $12,000 | $12,000 | $12,000 | $12,000 |
| Reservoir Fence Maintenance (Annual) | $12,000 | $12,000 | $12,000 | $12,000 |
| Annual Valve Exercise Program | $5,000 | $5,000 | $5,000 | $5,000 |
| Annual Flushing & Dead-end Blow Off Project | $10,000 | $10,000 | $10,000 | $10,000 |
| Easement Protection(Annual Program) | $15,000 | $15,000 | $15,000 | $15,000 |
| Meter Replacement Program | $5,000 | $10,000 | $10,000 | $10,000 |
| Fire Hydrant Replacement Project | $50,000 | $40,000 | $40,000 | $40,000 |
| Pressure Regulator Station Upgrades | $10,000 | $40,000 | $40,000 | $40,000 |
| Francisco Headquarters Upgrade | $3,580,000 | $0 | $0 | $0 |
| Computer Upgrades/SCADA, Office | $20,000 | $70,000 | $70,000 | $15,000 |
| Recycled Water | $10,000 | $10,000 | $10,000 | $10,000 |
| San Pedro Creek Feasibility Study | $50,000 | $50,000 | $50,000 | $50,000 |
| Equipment (Fog Collectors) | $15,000 | $15,000 | $15,000 | $15,000 |
| Subtotal | $6,898,364 | $1,014,000 | $2,429,000 | $3,454,000 |
| Construction Cost Inflation | 1.000 | 1.033 | 1.068 | 1.104 |
| **Escalated Capital Total** | **$6,898,364** | **$1,047,870** | **$2,593,977** | **$3,811,801** |
| | | *Three-Year Average Annual Capital Improvements* | | *$2,484,549* |

## *Existing Debt Service*

The District's existing debt service includes approximately $512,000 in annual payments for a 2012-issued bond. Payments extend through the three years of the study, ending in FY 2028-29. In addition, the District has 2021 Certificates of Participation that have an approximate annual payment of $1,160,000 throughout the three-year study period.

## *Non-Operating Revenue*

The District receives non-operating revenues for services performed that are not directly related to the cost of providing water services. These revenues consist of supplemental services, beneficial to the individual parcel requesting the service, such as a water connection or renewal of service. Revenues also consist of lease revenues from land leases for cell phone towers, county taxes and assessments received, and late charges.

It should be noted that the study includes water purchase assumptions for the three-year period. Water purchases are anticipated to be slightly lower for a portion of the study period, as the District will be obtaining water supply through its emergency intertie with a neighboring agency equal to a volume of water previously supplied to that agency to meet an emergency need. The District thus assumes that non-operating revenues will increase due to these water offset revenues. The offset reflects the cost savings the District will see from not having to purchase the reimbursed volume of water at current SFPUC rates as part of its annual supply. These water offset revenues are the reason non-operating revenues increase to more than

$2.5 million in FY 2026-27 and FY 2027-28. These revenues are accounted for in the reserve fund graph later in this section and the calculation of rates in Section 3 of this report.

## RESERVE FUNDS

Reserves are required to stabilize rates and to provide for contingencies. Reserves can be drawn on in years when the District experiences above average costs and augmented during years when costs are below average. The District's reserves are used for operating and capital purposes. Each of these purposes has its own requirements that lead to minimum and optimum target balance. Rates must be set so that the fund balance achieves the target balance.

### *Operating Reserve Component*

The operating component of the reserves provides working capital for month-to-month O&M expenditures. With sufficient working capital, the District can operate without cash flow constraints. The District's approved reserve policy includes six months of operating expenses.

### *Emergency Reserve Component*

The District's approved reserve policy includes three months of operating expenses as an emergency reserve target. This reserve provides liquidity to respond to unplanned or non-routine events that may disrupt the District's ability to deliver service.

### *Capital Improvement Reserve Component*

The capital improvement component of the reserves provides working capital for the District's capital improvement program (CIP). The fund balance needs to be sufficient to at least pay contractors without delays caused by cash flow limitations. The fund balance can be larger so that the District can fund larger construction projects on a pay-as-you-go basis, thereby eliminating financing costs.

The District's approved policy includes a CIP reserve target calculated using the combined sum of the five-year average of previous annual capital improvement expenses and the projection of three months' worth of budgeted PAYGo projects.

### *Debt Reserve Component*

The purpose of a debt reserve is to provide funding to avoid defaulting on the loan if the District fails to make a loan payment. The District has an approved policy of maintaining reserve funds totaling 1.2 times the annual debt service payment.

### *Retirement Fund Reserve Component*

The District currently has a $326,000 target balance for making annual payments to fund Other-Post Employment Benefits (OPEB), such as health care and dental care. The annual amount to be contributed is established by the Board based on the actual costs to fund these expenses on an annual PAYGo basis.

## REVENUE INCREASES

Revenue increases were derived to cover the District's costs and to fund its reserves. **Figure 2-4** summarizes the projected revenue from current rates, annual net revenue requirements, annual shortfalls, and the proposed revenue increases to address the annual shortfalls.

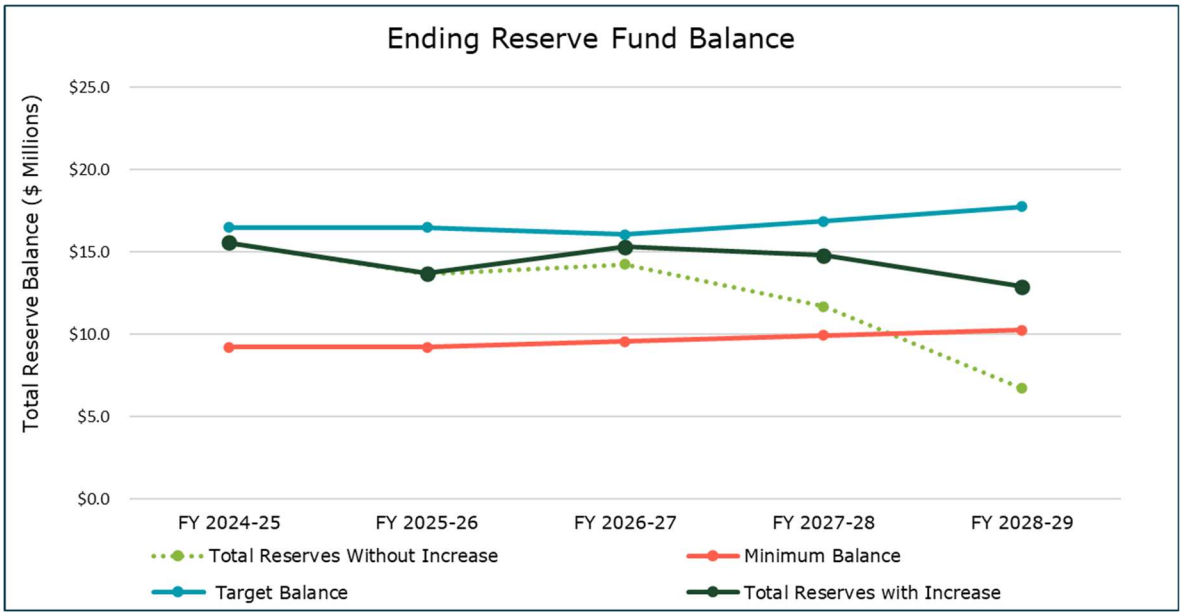
**Figure 2-4. Rate Increase Calculations**

| | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|---|---|---|---|---|
| Revenue From Current Rates | $14,785,108 | $14,785,108 | $14,796,267 | $14,807,427 |
| Revenue Requirement | $19,446,221 | $19,262,686 | $20,047,464 | $20,650,448 |
| Less: Non-Operating Revenue | ($1,974,000) | ($3,261,370) | ($2,575,715) | ($2,023,845) |
| Net Revenue Requirement | $17,472,221 | $16,001,316 | $17,471,750 | $18,626,603 |
| Revenue Shortfall | ($2,687,113) | ($1,216,208) | ($2,675,483) | ($3,819,177) |
| **Proposed Revenue Increase** | | **7.0%** | **6.0%** | **6.0%** |

Rate increases accounted for rate revenue, growth, and future revenue requirements. The projected revenue from current rates (see first line of **Figure 2-4**) increases due to growth in Residential accounts identified in the population growth stated in the District's 2025 Urban Water Management Plan. The revenue requirement (see also **Figure 2-2**) increases during the study period to fund capital improvements and the increased cost of purchased water. When the revenue from current rates is compared with the net revenue requirements (i.e., revenue requirement less non-operating revenue), there is a deficit variance that requires revenue increases.

For purposes of rate setting, the following combined reserve target balances were established. The red line labeled "Minimum Balance" represents the target balance for the operating reserve and debt reserve components of the reserves. The blue line labeled "Target Balance" is the sum of the minimum balance plus the capital reserve, emergency reserve, and retirement fund reserve components. **Figure 2-5** provides an overview of the District's reserves in relation to the established Minimum Balance and Target Balance lines.

**Figure 2-5. Projected Reserve Fund Balance at Year End**




The dashed green line shows the behavior of the fund balance without the projected revenue increases. In this scenario the fund balance would drop from the estimated FY 2025-26 position of $13.7 million to $6.7 million by FY 2028-29. The solid green line showing the reserve balance with revenue increases is projected to increase initially in FY 2026-27 to $15.3 million before using reserves to fund capital improvements such that the balance descends to $12.9 million by FY 2028-29. Revenue increases projected in FY 2027-28 and FY 2028-29 are projected to maintain the fund balance so that the overall position ends at $12.9 million by the end of the rate study period. The recommended revenue increases create a stable reserve fund balance trajectory so that the fund balance projection remains above the minimum balance for all three years.

Revenue increases are achieved by increasing rates. In years when rates are not being restructured to align with the cost of service, rates would be increased by the same percentage to generate the required revenue increase. For example, a 6.0% revenue increase in FY 2026-27 would be achieved with a 6.0% across-the-board increase in the current service charges and Residential and Non-Residential volumetric charges. In the current rate study, however, rates are being restructured to align with the cost of service in FY 2026-27. As a result, different percentage adjustments in the volume charges will occur. The derivation of these rate adjustments is explained in the next section of this report.

# Section 3. Cost-of-Service Analysis

## METHODOLOGY

A cost-of-service (COS) analysis determines the unit cost of the services provided to the District's water customers. Each customer class is charged the same unit cost for its share of the services that it requires. In this way, the total revenue requirement is apportioned between the fixed service charges and the volumetric charges; the volumetric charges are further allocated among the customer classes. This methodology is consistent with industry standards promulgated by the AWWA M1 Manual and referred to as the "base/extra capacity method." The AWWA M1 Manual was used for guidance only, as District specific customer data was used in determining the cost of service in this study.

The District provides demand services and customer services to water customers. Demand services include the costs related to meeting average and peak levels of demand. Customer services include the costs related to customer accounts and the capacity that customers require. The cost-of-service analysis performed in this study also follows the "base/extra capacity" method.

The analytical procedure contains the following steps:

1. **Cost classification** - Costs in the FY 2026-27 projected revenue requirement are classified into the service categories related to providing for customer demands and for customer service. The FY 2026-27 revenue requirement was developed from budgeted expenses for FY 2025-26 and cost increase assumptions.

2. **Cost allocation** - The classified costs are allocated to the functions associated with each service. For demand services, the functions are levels of service that comprise average day, maximum day, and maximum hour demands. For customer services, the functions are customer accounts and customer capacity.

The classifications of major costs are summarized as follows:

**Demand services**

- Average day – average daily demand utilizing base supply plus a small portion for peaking beyond winter water use levels.

- Maximum day – peaking on the maximum day: peak supply, transmission mains to distribution storage, booster pumps.

- Maximum hour – peak hour on the maximum day: a portion of distribution storage, distribution mains to customers, hydrants.

**Customer services**

- Accounts: meter reading, billing, accounting, and customer service.

- Capacity: a portion of distribution storage, distribution mains to customers, hydrants, conservation programs.

### Composite services

Working with District staff, the individual line items in the revenue requirements were classified into either the demand or customer service categories. Certain costs, however, are not directly related to either demand or customer services. Such costs are considered to be composite in function and are allocated based on a composite of the direct allocations to the demand and customer service categories.

- Capital Improvement Program (CIP) Composite: project-specific allocations to demand and customer service categories for the capital projects identified in **Figure 2-3**.

- O&M & Capital Composite: Indirect allocations for costs that are not directly related to either the demand or customer service functions: administrative services, non-operating revenues, and reserves transfers.

## CUSTOMER CLASSES

The cost-of-service analysis distributes the revenue requirements among customer classes in proportion to their service requirements. There is no industry standard that specifies which customer classes should be used. Utilities may exercise discretion in determining the appropriate customer classes provided the rates yield charges that are proportional to the cost of providing service for each category. As a result, the base/extra capacity method needs to be tailored to the customer classes.

The District currently has multiple customer classes: Residential, Non-Residential, and Recycled Water. These classes were last reviewed as part of the previous cost-of-service study in 2021. The segregation into separate customer classes stems from the pattern of usage by each class. For example, Residential (single family) use produces periods of peak demand during summer months, for which the system must be designed to address these customers' indoor and outdoor water needs. No revisions to the number of types of customer classes are recommended at this time.

## ALLOCATION FACTORS

Within the demand service function, allocations are made to varying levels of service ranging from average day demand to the highest level of peak demand for outdoor water use and irrigation during the peak hour of the peak day. With these allocations, rates can be designed to proportionately charge customers based on their demands.

**Figure 3-1** summarizes the flows by customer class based on the best available District-specific demand data across 2024 and 2025 for each of the service levels and the corresponding load factors. The majority of the District's services are related to meeting customer demands that can vary from low, average demands with very little seasonal fluctuation for irrigation or tourism to high, peak demands that can be two times the average demand.

**Figure 3-1. Estimated Demands and Load Factors by Service Level**

| Flow (HCF/Day) | Average Day | Maximum Day | Maximum Hour |
|---|---|---|---|
| Residential | 1,738 | 2,360 | 3,635 |
| Non-Residential | 914 | 1,342 | 2,067 |
| Total | 2,652 | 3,702 | 5,702 |
| **Load Factors** | | | |
| Ratio of Flows to Average Day | | | |
| Residential | 1.00 | 1.36 | 2.09 |
| Non-Residential | 1.00 | 1.53 | 2.36 |
| **Total** | **1.00** | **1.40** | **2.15** |

*Rounding due to stored values may exist.*

Service levels need to increase to accommodate increasing levels of peak demands, which include irrigation, tourism, and other seasonal water uses. Providing for higher service levels requires larger infrastructure. In a cost-of-service analysis, the cost of the infrastructure is allocated to the corresponding level of service. The allocation factors are shown in **Figure 3-2**.

The allocation factors are calculated using load factors from **Figure 3-1**. The load factors represent how much higher maximum day, and maximum hour flows are compared with the average flows. The load factors indicate how much additional capacity is required to supply higher levels of service. For example, the maximum day load factor for the system is 1.40. Of that total 1.40 load, 0.40 is related to the maximum day peak, which is 28.4% of the total maximum day load. For purposes of allocating costs associated with meeting maximum day demands, 28.4% is allocated to the maximum day service and 71.6% is allocated to the average day service.

**Figure 3-2. Base/Extra Capacity Allocation Factors**

| Demand Service | Average Day | Maximum Day | Maximum Hour |
|---|---|---|---|
| **Residential Load Factors** | 1.00 | 1.36 | 2.09 |
| Average Day | 100.0% | | |
| Maximum Day | 73.6% | 26.4% | |
| Maximum Hour | 38.6% | 26.4% | 35.1% |
| **Non-Residential Load Factors** | 1.00 | 1.53 | 2.36 |
| Average Day | 100.0% | | |
| Maximum Day | 65.2% | 34.8% | |
| Maximum Hour | 30.1% | 34.8% | 35.1% |
| **Total Load Factors** | 1.00 | 1.40 | 2.15 |
| Average Day | 100.0% | | |
| Maximum Day | 71.6% | 28.4% | |
| Maximum Hour | 36.6% | 28.4% | 35.1% |

*Note: factors shown are rounded, percentages reflect actual ratios of non-rounded figures.*

Once the costs are organized by service function, it is possible to allocate them based on the allocation percentages that correspond to each service function. The allocation percentages are derived from the units of service associated with each service function.

All allocation factors employed in the cost-of-service allocation exercise are shown in **Figure 3-3**.

**Figure 3-3. Cost-of-Service Allocation Factors**

| | Demand Services | | | Customer Services | | |
|---|---|---|---|---|---|---|
| System-Wide Cost Allocation Factors | Average Day | Maximum Day | Maximum Hour | Customer Accounts | Customer Capacity | Total |
| Average Day | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Max Day | 71.6% | 28.4% | 0.0% | 0.0% | 0.0% | 100.0% |
| Max Hour | 36.6% | 28.4% | 35.1% | 0.0% | 0.0% | 100.0% |
| Max Hour Only | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% |
| Services | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% |
| Capacity | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% |
| CIP Composite | 27.2% | 10.0% | 12.6% | 49.8% | 0.4% | 100.0% |
| O&M & Capital Composite | 62.8% | 5.7% | 7.6% | 20.1% | 3.8% | 100.0% |

The cost-of-service analysis using the allocation factor identified for each revenue requirement line item is shown in **Figure 3-4**. In this figure the revenue requirement for FY 2026-27 is allocated to the three demand-related service categories ($11,809,063) and the customer services category ($4,011,002). The next step in the cost-of-service analysis is to allocate each of the demand-related expenses between the Residential and Non-Residential customer classes[9]. In doing this, the capital and O&M components are kept separate, which is needed for subsequent rate design.

**Figure 3-3** summarizes the allocation factors for the demand and customer service costs. The allocation factors for costs classified as customer service are either 100% customer account or capacity allocations. In addition, **Figure 3-3** shows the composite allocations. The O&M and Capital composite allocations are based on subtotals of the O&M and Capital costs that were directly allocated to either the demand or customer service categories. The PAYGo composite is based on the subtotals of capital projects specifically funded through PAYGo.

The expenses that are allocated to Demand Service Levels are recovered from the District's volumetric charges. Certain portions of the costs are allocated to the customer service and customer capacity categories, which are recovered from the District's fixed service charges. **Figure 3-4** provides a detailed breakdown of the expenses and cost-of-service allocations. The allocations to individual classes are proportioned in **Figure 3-5** to the classes' flows in each category of service. For example, the Residential class is allocated 65.5% of the average day costs based on the fact that Residential flow is 1,738 HCF of the total 2,652 HCF average day flow.

[9] The customer service and customer capacity expenses are recovered through the District's Service Charges, which are independent of customer classes.

## Figure 3-4. Cost-of-Service Allocations

| Revenue Requirement Category | FY 2026-27 Projected Revenue Requirment | Allocation Factor | Demand Functions: Average Day | Demand Functions: Maximum Day | Demand Functions: Maximum Hour | Service Functions: Customer Accounts | Service Functions: Customer Capacity |
|---|---|---|---|---|---|---|---|
| **O&M Expenses** | | | | | | | |
| 110- Plant | | | | | | | |
| Salaries & Benefits | $392,430 | Average Day | $392,430 | $0 | $0 | $0 | $0 |
| SFPUC Purchased Water | | | | | | | |
| Quantity Charge | $6,368,785 | Average Day | $6,368,785 | $0 | $0 | $0 | $0 |
| Service Charge | $47,895 | Capacity | $0 | $0 | $0 | $0 | $47,895 |
| Utilities | $367,500 | Max Day | $263,233 | $104,267 | $0 | $0 | $0 |
| Supplies & Equipment | $174,070 | Max Day | $124,683 | $49,387 | $0 | $0 | $0 |
| Fees | $139,050 | Average Day | $139,050 | $0 | $0 | $0 | $0 |
| 120 - Distribution | | | | | | | |
| Salaries & Benefits | $1,895,715 | Max Hour | $881,728 | $349,256 | $664,731 | $0 | $0 |
| Utilities | $68,250 | Max Hour | $31,744 | $12,574 | $23,932 | $0 | $0 |
| Supplies & Equipment | $284,280 | Max Hour | $132,223 | $52,374 | $99,683 | $0 | $0 |
| Recycle Water Ops. | $8,240 | Max Hour | $3,833 | $1,518 | $2,889 | $0 | $0 |
| Fees | $61,800 | Average Day | $61,800 | $0 | $0 | $0 | $0 |
| | $9,808,015 | | $8,399,508 | $569,377 | $791,235 | $0 | $47,895 |
| | *100%* | *Plant & Distribution Composite* | *8%* | *6%* | *8%* | *0%* | *0%* |
| **Capital Expenses** | | | | | | | |
| BAWSCA Surcharge | $497,651 | Capacity | $0 | $0 | $0 | $0 | $497,651 |
| PAYGo Projects | $2,478,190 | CIP Composite | $673,131 | $248,772 | $312,135 | $1,233,104 | $11,048 |
| Existing Debt Service | $1,673,300 | Services | $0 | $0 | $0 | $1,673,300 | $0 |
| **Subtotal - Capital Expenses** | $4,649,141 | | $673,131 | $248,772 | $312,135 | $2,906,404 | $508,698 |
| **Subtotal - O&M and Capital** | **$14,457,156** | | **$9,072,640** | **$818,148** | **$1,103,370** | **$2,906,404** | **$556,593** |
| | *100%* | *O&M & Capital Composite* | *5.8%* | *5.7%* | *7.6%* | *20.1%* | *3.8%* |
| 130 - Admin | | | | | | | |
| Salaries & Benefits | $3,117,520 | O&M & Capital Composite | $1,956,411 | $176,424 | $237,929 | $626,733 | $120,023 |
| Utilities | $20,600 | O&M & Capital Composite | $12,928 | $1,166 | $1,572 | $4,141 | $793 |
| Supplies & Equipment | $263,680 | O&M & Capital Composite | $165,473 | $14,922 | $20,124 | $53,009 | $10,152 |
| Fees | $206,000 | O&M & Capital Composite | $129,276 | $11,658 | $15,722 | $41,413 | $7,931 |
| Rebate program | $49,955 | O&M & Capital Composite | $31,349 | $2,827 | $3,813 | $10,043 | $1,923 |
| General & Administrative | $1,147,775 | O&M & Capital Composite | $720,290 | $64,954 | $87,598 | $230,744 | $44,189 |
| | $4,805,530 | | $3,015,728 | $271,951 | $366,758 | $966,083 | $185,011 |
| **Subtotal - O&M and Capital** | **$19,262,686** | | **$12,088,367** | **$1,090,099** | **$1,470,128** | **$3,872,487** | **$741,604** |
| **Non-Operating Revenue** | | | | | | | |
| Fire Standby | ($63,000) | Services | $0 | $0 | $0 | ($63,000) | $0 |
| Water Connections | ($25,000) | Services | $0 | $0 | $0 | ($25,000) | $0 |
| Renewal of Service | ($21,000) | Services | $0 | $0 | $0 | ($21,000) | $0 |
| Late Charges | ($70,000) | O&M & Capital Composite | ($43,929) | ($3,961) | ($5,342) | ($14,072) | ($2,695) |
| Miscellaneous Revenues | ($75,000) | O&M & Capital Composite | ($47,067) | ($4,244) | ($5,724) | ($15,078) | ($2,887) |
| Lease Revenues | ($262,600) | O&M & Capital Composite | ($164,796) | ($14,861) | ($20,042) | ($52,792) | ($10,110) |
| Taxes & Assessments | ($1,398,850) | O&M & Capital Composite | ($877,853) | ($79,163) | ($106,760) | ($281,219) | ($53,855) |
| Transmission & Storage | ($75,000) | O&M & Capital Composite | ($47,067) | ($4,244) | ($5,724) | ($15,078) | ($2,887) |
| Intertie Water Offset | ($1,270,920) | Average Day | ($1,270,920) | $0 | $0 | $0 | $0 |
| | ($3,261,370) | | ($2,451,631) | ($106,474) | ($143,592) | ($487,239) | ($72,435) |
| **Transfer to/(from) Reserves** | ($181,250) | O&M & Capital Composite | ($113,744) | ($10,257) | ($13,833) | ($36,438) | ($6,978) |
| **Total Revenue Requirement** | **$15,820,065** | | **$9,522,992** | **$973,368** | **$1,312,703** | **$3,348,811** | **$662,191** |
| *Total Revenue Requirement by Demand and Service Functions* | | | | | *$11,809,063* | | *$4,011,002* |
| | | | | | *Volumetric COS* | | *Service COS* |
| | | | | | *74.6%* | | *25.4%* |

## Figure 3-5. Customer Class Cost-of-Service Allocations for Demand Service Levels

| Volumetric Cost of Service | Average Day | Max Day | Max Hour | Total |
|---|---|---|---|---|
| **Volumetric Revenue Requirement** | | | | |
| Operations & Maintenance | $11,415,236 | $841,328 | $1,157,993 | $13,414,557 |
| Capital Expenses (PayGo) | $673,131 | $248,772 | $312,135 | $1,234,038 |
| Non-Operating Revenue | ($2,451,631) | ($106,474) | ($143,592) | ($2,701,696) |
| Transfers to/(from) Reserves | ($113,744) | ($10,257) | ($13,833) | ($137,835) |
| **Total Volume Charges** | **$9,522,992** | **$973,368** | **$1,312,703** | **$11,809,063** |
| | | | | |
| **Units of Service - Daily Demand (hcf)** | | | | |
| Residential | 1,738 | 2,360 | 3,635 | |
| Commercial, Irrigation, Recycled Water | 914 | 1,342 | 2,067 | |
| | 2,652 | 3,702 | 5,702 | |
| | | | | |
| **Proportional Allocation Factors** | | | | |
| Residential | 65.5% | 63.7% | 63.7% | |
| Non-Residential | 34.5% | 36.3% | 36.3% | |
| | 100.0% | 100.0% | 100.0% | |
| | | | | |
| **Cost-of-Service Single Family** | | | | |
| Operations & Maintenance | $7,724,153 | $536,337 | $738,207 | $8,998,697 |
| Capital Expenses (PayGo) | $455,476 | $158,589 | $198,982 | $813,048 |
| Non-Operating Revenue | ($1,661,685) | ($67,876) | ($91,538) | ($1,821,099) |
| Transfers to/(from) Reserves | ($76,965) | ($6,539) | ($8,818) | ($92,323) |
| | **$6,440,979** | **$620,511** | **$836,833** | **$7,898,323** |
| **Cost-of-Service Commercial, Irr, Rec. Water** | | | | |
| Operations & Maintenance | $3,691,083 | $304,991 | $419,786 | $4,415,860 |
| Capital Expenses (PayGo) | $217,655 | $90,183 | $113,153 | $420,990 |
| Non-Operating Revenue | ($789,946) | ($38,598) | ($52,054) | ($880,598) |
| Transfers to/(from) Reserves | ($36,779) | ($3,718) | ($5,015) | ($45,512) |
| | **$3,082,013** | **$352,857** | **$475,870** | **$3,910,741** |
| **Revenue Requirement Allocations** | | | | |
| Residential | $6,440,979 | $620,511 | $836,833 | $7,898,323 |
| Non-Residential | $3,082,013 | $352,857 | $475,870 | $3,910,741 |
| | $9,522,992 | $973,368 | $1,312,703 | $11,809,063 |

The Residential class is allocated $7,898,323 of the total demand related expenses and the Non-Residential class (including Recycled Water) is allocated $3,910,741. These customer class allocations and the expense attributable to customer accounts are compared with the estimated revenue from current rates in **Figure 3-6**.

**Figure 3-6. Current Rate Revenue Compared with Cost-of-Service**

| Components of Rate Structure | Revenue at Current Rates (FY 2025-26) | | Cost of Service FY 2026-27 Revenue | | Difference COS Minus Current | |
|---|---|---|---|---|---|---|
| **Volumetric Rates** | | | | | | |
| Residential | $6,629,946 | 44.8% | $7,898,323 | 49.9% | $1,268,377 | 19.1% |
| Non-Residential | $3,343,266 | 22.6% | $3,910,741 | 24.7% | $567,475 | 17.0% |
| | $9,973,212 | 67.5% | $11,809,063 | 74.6% | $1,835,851 | 18.4% |
| **Service Charges** | | | | | | |
| Residential | $4,249,807 | 28.7% | $3,634,201 | 23.0% | ($615,606) | -14.5% |
| Non-Residential | $562,089 | 3.8% | $376,801 | 2.4% | ($185,288) | -33.0% |
| | $4,811,896 | 32.5% | $4,011,002 | 25.4% | ($800,894) | -16.6% |
| **Share of Revenue** | | | | | | |
| Residential | $10,879,753 | 73.6% | $11,532,524 | 72.9% | $652,771 | 6.0% |
| Non-Residential | $3,905,354 | 26.4% | $4,287,541 | 27.1% | $382,187 | 9.8% |
| **Total Revenue** | **$14,785,108** | 100.0% | **$15,820,065** | 100.0% | **$1,034,958** | **7.0%** |

The comparison of revenue from current rates with the revenue requirement indicates the following:

- Service charge rates should decrease 16.6% to align with cost-of-service.
- Total revenue generated by volumetric charges need to increase 19.1% for Residential customers and increase 17.0% for Non-Residential customers to align with the cost-of service.

Rates need to be designed to generate each class's share of the revenue requirement related to volumetric charges. **Figure 3-6** indicates that with the cost-of-service analysis, and the overall revenue increase of 7.0%, Non-Residential customers will see a collective increase of 9.8% while Residential customers' share will increase 6.0%.

The next section provides the recommended modifications to the service charges and volumetric charges needed to meet the cost of service.

# Section 4. Rate Design

This section discusses the design of volumetric charges for Residential and Non-Residential customers and the fixed service charges, which are independent of customer class.

## CURRENT RATES

The District's rate payers pay the sum of two charges for water service on a bi-monthly basis: a fixed service (meter) charge based on the size of the service connection plus a volumetric charge based on metered water use during the prior bi-monthly billing period. Current rates are summarized in **Figures 4-1 and 4-2**.

The service charges are the same regardless of customer class. In other words, the charge for a meter of a given size is the same for all meters of that size regardless of which class of customer is served.

**Figure 4-1. Current Bi-Monthly Service Charges**

| Meter Size | Charge per Service |
|---|---|
| 5/8" | $60.18 |
| 3/4" | $66.26 |
| 1" | $84.39 |
| 1.5" | $108.46 |
| 2" | $175.18 |
| 3" | $662.52 |
| 4" | $843.45 |
| 6" | $1,265.21 |
| 8" | $1,747.17 |
| 10" | $2,349.76 |
| 12" | $2,952.35 |

The volumetric charges vary depending on the customer class. Residential customers pay tiered consumption charges also referred to as "increasing block rates." Residential customers pay rates for each range of consumption (tier or block); the rate in each tier increases as consumption increases. The total volumetric charge is the sum of the consumption in each tier multiplied by the respective rate in each tier. The current Residential increasing block rates comprise four tiers.

**Figure 4-2. Current Bi-Monthly Volumetric Rates**

| Customer Class | Current Tier Size | $/HCF |
|---|---|---|
| **Residential** | | |
| Tier-1 | 0-5 hcf | $7.28 |
| Tier-2 | 6-9 hcf | $10.77 |
| Tier-3 | 10-13 hcf | $14.44 |
| Tier-4 | Over 13 hcf | $17.67 |
| **Non-Residential** | | $10.06 |
| **Recycled Water** | | $9.05 |

Non-Residential (including multi-family residential customers) customers' volumetric rates are uniform and do not increase with increasing use the way they do for the Residential (single-family) customers. Recycled water volumetric rates are also uniform.

## WATER USAGE CHARGES

The District has separate volumetric charge[10] structures for Residential and Non-Residential customers. Residential volumetric charges are tiered, which is appropriate because of the variation in demands within a comparatively homogeneous class of customers. The tiered rate structure corresponds to levels of service that range from low, essential needs to high, discretionary needs. The rate for each tier is set to reflect the cost of providing for the amount of peaking that occurs in the District's water system. Calculating the tiered rates for Residential customers needs to ensure that the rates reflect the cost of providing service across the range of tiers.

Non-Residential (i.e., Non-Residential) volumetric charges are uniform, which is appropriate because this class comprises Non-Residential and municipal uses that are very heterogeneous, but whose water uses – which vary considerably – are less discretionary compared to Residential water use. Calculating the uniform rate for Non-Residential customers is less complex than tiered rate calculations and is related to the calculation of Recycled Water rates, which are based on a set fraction of the Non-Residential rates.

### *Residential Volumetric Charges*

The use of four tiers has been in place for the District's Residential customers for several years. The number of tiers and the location of the breakpoints between tiers is determined by evaluation of the District's historical and current water consumption and District-specific data, as discussed previously in Section 3. Each breakpoint was calculated utilizing the total residential daily demand consumption divided by the number of Residential accounts, 11,524, as shown in **Figure 4-3**.

[10] The official title is "Water Usage Charge." For ease of discussion, the terms "volumetric charge" or "volumetric rate" are used in this report.

**Figure 4-3. Residential Tier Breakpoint Calculation**

| | Base Day | Average Day | Maximum Day | Maximum Hour |
|---|---|---|---|---|
| Residential Daily Volume (HCF) | 1,633 | 1,738 | 2,360 | 3,635 |
| Bi-Monthly Volume (HCF) | 97,980 | 104,268 | 141,616 | 218,088 |
| Services | 11,524 | 11,524 | 11,524 | 11,524 |
| **Flow per Service (HCF bi-monthly)** | **8.50** | **9.05** | **12.29** | **18.92** |

This calculated the Average Day Tier breakpoint of 9.05 HCF (1,738 HCF per day x 60 days ÷11,524 accounts) and the Maximum Day Tier breakpoint of 12.29 HCF (2,360 HCF per day x 60 days ÷11,524 accounts). Because the District bills customers based on whole number increments only, the Average Day Tier breakpoint was set to 9 HCF and the Maximum Day Tier breakpoint was rounded down to 12 HCF. All consumption above the 12 HCF is billed at the maximum hour tiered rate.

The current rates set the Tier-1 breakpoint at 5 HCF based on an allowance for very low water use (124 gallons per day). At the time that this allowance was set, the allocation of capital costs to this tier was reduced to reflect the fact that such low water use required much less capital to provide service. Since that time, however, rate-making standards have shifted. Instead of using discretion to set breakpoints, breakpoints should be based on District-specific customer demand data. Furthermore, instead of using discretion to adjust cost allocations, cost allocations based on cost-of-service analysis should be followed.

Using customer billing data indicates a Tier-1 breakpoint of 8.50 HCF (see **Figure 4-3**). The Tier-2 breakpoint is 9.05 HCF. Because both breakpoints round to 9 HCF, we recommend consolidating Tier-1 into Tier-2.

Analysis of customer billing data also indicates that the breakpoint for Tier-3 should be adjusted from 13 HCF to 12 HCF to reflect the fact that the District's customers have continued to improve their water use efficiency, thereby reducing maximum day peaking.

After setting these breakpoints, volumetric rates were calculated as shown in **Figure 4-4.**

**Figure 4-4. Proposed Residential Volumetric Rates – FY 2026-27**

| Residential Volumetric Rates | Average Day | Maximum Day | Maximum Hour |
|---|---|---|---|
| Demand Condition | Average Day | Max Day | Max Hour |
| **Tier Structure** | | | |
| Volume per Tier (hcf) | 0-9 hcf | 10 - 12 hcf | 13+ hcf |
| hcf by Tier | 218,579 | 129,035 | 286,685 |
| Revenue Requirement by Tier | $6,440,979 | $620,511 | $836,833 |
| Total hcf by Tier | 634,299 | 415,720 | 286,685 |
| Cost-of-Service per Unit (hcf) | $10.15 | $1.49 | $2.92 |
| Tier 1 (0-9 hcf) | $10.15 | $10.15 | $10.15 |
| Tier 2 (10 - 12 hcf) | | $1.49 | $1.49 |
| Tier 3 (13+ hcf) | | | $2.92 |
| **Unit Cost per hcf (by Tier)** | **$10.15** | **$11.65** | **$14.57** |

**Figure 4-5** compares the breakpoints and rates for the current and cost-of-service-based tiers for Residential accounts. The percentage increases differ from tier to tier. The proposed rates combine the current Tier-1 and Tier-2 rates. In turn, the current Tier-3 becomes the proposed Tier-2 and the current Tier-4 becomes the proposed Tier-3.

**Figure 4-5. Comparison of Current and Proposed Residential Rates by Tier**

| Bi-Monthly Demand HCF | Bi-Monthly Demand Gal/Day | Current Rate | FY 2026-27 Proposed Rate | $ Change |
|---|---|---|---|---|
| 1 | 12 | $7.28 | $10.15 | $2.87 |
| 2 | 25 | $7.28 | $10.15 | $2.87 |
| 3 | 37 | $7.28 | $10.15 | $2.87 |
| 4 | 50 | $7.28 | $10.15 | $2.87 |
| 5 | 62 | $7.28 | $10.15 | $2.87 |
| 6 | 75 | $10.77 | $10.15 | ($0.62) |
| 7 | 87 | $10.77 | $10.15 | ($0.62) |
| 8 | 100 | $10.77 | $10.15 | ($0.62) |
| 9 | 112 | $10.77 | $10.15 | ($0.62) |
| 10 | 125 | $14.44 | $11.65 | ($2.79) |
| 11 | 137 | $14.44 | $11.65 | ($2.79) |
| 12 | 150 | $14.44 | $11.65 | ($2.79) |
| 13 | 162 | $14.44 | $14.57 | $0.13 |
| 14 | 175 | $17.67 | $14.57 | ($3.10) |

**Figure 4-6** shows the three-year schedule of proposed volumetric rates.

**Figure 4-6. Comparison of Current and COS-Based Residential Tiers**

| Customer Class | Current Tier Size | $/HCF | Customer Class | Proposed Tier Size | Proposed Rates by Effective Date 8/1/2026 | 7/1/2027 | 7/1/2028 |
|---|---|---|---|---|---|---|---|
| Residential | | | Residential | | | | |
| Tier-1 | 0-5 hcf | $7.28 | Tier-1 | 0-9 hcf | $10.15 | $10.76 | $11.41 |
| Tier-2 | 6-9 hcf | $10.77 | Tier-2 | 10-12 hcf | $11.65 | $12.35 | $13.09 |
| Tier-3 | 10-13 hcf | $14.44 | Tier-3 | Over 12 hcf | $14.57 | $15.44 | $16.37 |
| Tier-4 | Over 13 hcf | $17.67 | | | | | |
| Non-Residential | All usage | $10.06 | Non-Residential | All usage | $11.72 | $12.42 | $13.17 |
| Recycled Water | All usage | $9.05 | Recycled Water | All usage | $10.55 | $11.18 | $11.85 |
| | | | | *Rate Increase %* | *varies* | *6%* | *6%* |

The variation in FY 2026-27 rate adjustments occurs as a result of re-aligning the rates with the newly calculated cost-of-service. After the rate adjustment effective August 1, 2026 to re-align the rates with the cost-of-service, the projected increases in subsequent years can be made across-the-board to reflect the cost-of-service during the entire three-year rate projection period.

The size of Tier-1 in the proposed rates will expand to include both the Tier-1 and Tier-2 volumes of the current structure. Tier 2 for the proposed tiers does not include as much water as the existing Tier 3 because of increased efficiency. For an average household, the size of the proposed Tier-1 will cover inside water use with a small allowance for discretionary outdoor water use.

Proposed Tiers 2 and 3 correspond to higher levels of service for irrigation and other seasonal water uses. Tier-2 demand corresponds to maximum day peaking, which occurs in the summer for irrigation. Tier-3 is the highest level of service for peak hour demands when the system is at its highest output. The proposed tiers are compressing from their existing sizes to reflect the effects of conservation. As less peaking demand is placed on the system, a greater portion of consumption is reported in the proposed Tier-1.

## *Non-Residential Volumetric Charges*

The Non-Residential volumetric charge is a uniform rate. For FY 2026-27, the volumetric charge is derived by dividing the volumetric portion of the Non-Residential revenue requirement in **Figure 3-5** by the projected Non-Residential water use. The District also supplies recycled water for irrigation at a rate equal to 90% of the Non-Residential rate. The cost reduction is allocated to other Non-Residential water users who may be future users of recycled water. When this adjustment is made, the Non-Residential uniform volumetric charge is $11.72 per HCF and the uniform Recycled Water volumetric charge is $10.55 per HCF.

## *Pass-Through Adjustment*

The cost of SFPUC water is the single largest component of the District's revenue requirements. Because the District has no control over the SFPUC's wholesale water rate, this cost is simply passed through to the District's customers. The SFPUC provides projections of its future wholesale water rates, which are built into the rate projections in this study. The SFPUC updates its projections each year as part of the rate-making process prescribed in the wholesale Water Supply Agreement. California Government Code Section 53756 authorizes

water suppliers to adjust their rates in response to changes in pass-through costs. We recommend that the District incorporate annual pass-through adjustments in its volumetric rates.

Each year the District should determine how much, if any, pass-through adjustment is required as soon as the SFPUC submits its updated wholesale rates, which is typically in April or May each year. The wholesale rate used for the projections in this study should be compared with the updated rate and the difference either added or subtracted from the District's volumetric rates for Residential and Non-Residential customers. The wholesale rates per HCF used in this study[11] are as follows:

July 2026 – $6.23 per HCF

July 2027 – $6.69 per HCF

July 2028 – $6.91 per HCF

For example, if the updated SFPUC rate for FY 2027-28 is $6.84 instead of the projected $6.69, the $0.15 difference should be added to the volumetric rates charged to Residential and Non-Residential water customers. If the updated SFPUC rate is less than the foregoing rates, the difference should be subtracted from the District's volumetric rates. In other words, the adjustment should be made in either direction.

Recycled Water rates would change in relation to pass-through adjustments to Non-Residential rates to maintain a ratio of 90% of the Non-Residential volumetric rate charged per the existing agreement the District has with the City of Pacifica. In the example above, if the volumetric rates increased by $0.15, Non-Residential water rates would increase from $12.42 to $12.57 per HCF in FY 2027-28. However, recycled water rates would increase by $0.13, from $11.18 to $11.31, so that the new recycled rate would continue to be equal to 90% of the Non-Residential volumetric rate.

## SERVICE CHARGES

Service charge rates are fixed rates that are billed each billing period to recover the cost of the service functions. The cost-of-service analysis determines how much of the revenue requirement is attributable to the customer service function. **Figure 3-6** indicated that the revenue from fixed charges would decrease 16.6% to $4,011,002 to align with the cost of service. Costs attributable to customer services are allocated to customers in proportion to their number of meters. Costs attributable to customer capacity are allocated to customers in proportion to the capacity of their services. The sum of the customer service and capacity equals the fixed charge rate per connection.

**Figure 4-7** lists the units of service corresponding to each of the cost components. The 12,435 services are used for apportioning the customer service cost components.

[11] Rate for FY 2026-2027 adopted by the SFPUC on April 28, 2026. Estimated rates for FY 2027-28 and FY 2028-2029 included in SFPUC presentation to BAWSCA members on February 19, 2026.

**Figure 4-7. Service Charge Units of Service**

| Applicable Service Size | Services | Meter Ratings (gpm)[1] | Capacity Multiplier | EMUs |
|---|---|---|---|---|
| | a | b | c = b ÷ 20 | d = a x c |
| 5/8" Meters | 11,242 | 20 | 1.00 | 11,242 |
| 3/4" Meters | 320 | 30 | 1.50 | 480 |
| 1" Meters | 682 | 50 | 2.50 | 1,705 |
| 1.5" Meters | 75 | 100 | 5.00 | 375 |
| 2" Meters | 88 | 160 | 8.00 | 704 |
| 3" Meters | 17 | 435 | 21.75 | 370 |
| 4" Meters | 6 | 750 | 37.50 | 225 |
| 6" Meters | 4 | 1,600 | 80.00 | 320 |
| 8" Meters | 1 | 2,800 | 140.00 | 140 |
| 10" Meters | 0 | 4,200 | 210.00 | 0 |
| 12" Meters | 0 | 5,300 | 265.00 | 0 |
| **Total** | **12,435** | | **Total EMUs** | **15,561** |

*[1]Capacity multiplier assumes 5/8" meter = 1 EMU = 20 gallons per minute.*

Capacity costs associated with the distribution system are apportioned among the connections in proportion to the capacity associated with each connection. In **Figure 4-7**, Connections are converted to Equivalent Meter Units (EMUs) to apportion the customer capacity cost component for potable and recycled water meters. An EMU represents the number of 5/8-inch meters to which a larger meter is equivalent. For example, a 1-inch meter provides 2.50 times as much capacity as a 5/8-inch meter. The capacity multipliers are based on the M1 Manual. There are 15,561 total EMUs. In effect, the 12,435 services of assorted sizes have the equivalent capacity as 15,561 5/8-inch meters.

**Figure 4-8** derives the unit costs for the customer accounts and customer capacity cost components. Each service is allocated $44.88 per bi-monthly period for the customer service and public fire protection cost components. This amount represents the costs the District incurs to maintain each service regardless of the capacity of the service (e.g., customer billing, administration overhead). Each potable or Recycled Water (i.e., non-fire protection) service is also allocated $7.09 per month per EMU. This amount represents a portion of the cost of providing distribution system capacity for each account, and increases based on the capacity of the meter.

**Figure 4-8. Service Charge Unit Costs**

| | Service Component | Capacity Component | Total |
|---|---|---|---|
| Total Expenses FY 2026-27 | $3,348,811 | $662,191 | $4,011,002 |
| Units of Service | 12,435 Services | 15,561 EMUs | |
| Annual Unit Cost | $269.31 | $42.56 | |
| **Bi-Monthly Unit Cost** | **$44.88** per Service | **$7.09** per EMU | |

**Figure 4-9** combines the customer service and capacity components into a single service charge for each size service.

**Figure 4-9. Proposed Bi-Monthly Service Charge Rates – FY 2026-27**

| Meter Size | Service Component | Capacity Component | | | COS Service Charges ($/bill) |
|---|---|---|---|---|---|
| | | $/EMU | Capacity Multiplier | Capacity Total | |
| | a | b | c | d = b x c | e = a + d |
| 5/8" | $44.88 | $7.09 | 1.00 | $7.09 | **$51.98** |
| 3/4" | $44.88 | $7.09 | 1.50 | $10.64 | **$55.52** |
| 1" | $44.88 | $7.09 | 2.50 | $17.73 | **$62.62** |
| 1.5" | $44.88 | $7.09 | 5.00 | $35.46 | **$80.35** |
| 2" | $44.88 | $7.09 | 8.00 | $56.74 | **$101.62** |
| 3" | $44.88 | $7.09 | 21.75 | $154.26 | **$199.15** |
| 4" | $44.88 | $7.09 | 37.50 | $265.97 | **$310.85** |
| 6" | $44.88 | $7.09 | 80.00 | $567.40 | **$612.29** |
| 8" | $44.88 | $7.09 | 140.00 | $992.96 | **$1,037.84** |
| 10" | $44.88 | $7.09 | 210.00 | $1,489.43 | **$1,534.32** |
| 12" | $44.88 | $7.09 | 265.00 | $1,879.52 | **$1,924.41** |

With the proposed rates, all meter sizes would see a decrease in FY 2026-27. **Figure 4-10** shows the proposed schedule of service charges.

**Figure 4-10. Current and Proposed Bi-Monthly Service Charges**

| Meter Size | Current Charge per Service | Proposed Rates by Effective Date | | |
|---|---|---|---|---|
| | | 8/1/2026 | 7/1/2027 | 7/1/2028 |
| 5/8" | $60.18 | $51.98 | $55.10 | $58.41 |
| 3/4" | $66.26 | $55.52 | $58.85 | $62.38 |
| 1" | $84.39 | $62.62 | $66.38 | $70.36 |
| 1.5" | $108.46 | $80.35 | $85.17 | $90.28 |
| 2" | $175.18 | $101.62 | $107.72 | $114.18 |
| 3" | $662.52 | $199.15 | $211.10 | $223.77 |
| 4" | $843.45 | $310.85 | $329.50 | $349.27 |
| 6" | $1,265.21 | $612.29 | $649.03 | $687.97 |
| 8" | $1,747.17 | $1,037.84 | $1,100.11 | $1,166.12 |
| 10" | $2,349.76 | $1,534.32 | $1,626.38 | $1,723.96 |
| 12" | $2,952.35 | $1,924.41 | $2,039.87 | $2,162.26 |
| *Rate Increase %* | | *varies* | *6%* | *6%* |

The bi-monthly service charge is payable whether or not any water is used during the billing period and irrespective of the amount of water, if any, used.

## *Portable Meters*

The charges for portable water meters for construction and other temporary situations are the same as the service charges above in **Figure 4-10**.

### *Fire Protection Service Charges*

The charges for all private fire protection service connections, which include all structures that have a fire service line, are increasing at the same percentages as the revenue increases shown in **Figure 2-4**. **Figure 4-11** summarizes the current and proposed bi-monthly fire protection service charges.

**Figure 4-11. Current and Proposed Bi-Monthly Fire Protection Charges**

| Fireline Size | Current Charge per Service | Proposed Rates by Effective Date | | |
|---|---|---|---|---|
| | | 8/1/2026 | 7/1/2027 | 7/1/2028 |
| 2" or less | $13.51 | $14.46 | $15.33 | $16.25 |
| 4" | $42.23 | $45.19 | $47.90 | $50.77 |
| 6" | $84.45 | $90.36 | $95.78 | $101.53 |
| 8" | $168.89 | $180.71 | $191.55 | $203.04 |
| *Rate Increase %* | | *7%* | *6%* | *6%* |

## WATER SHORTAGE REVENUE STABILIZATION FACTORS

During prolonged shortages, customers are required to conserve or even ration their water use. These shortages can include locally declared water shortages caused by facility operations, State mandated reductions, or natural disasters including droughts. The magnitude of the water savings can significantly reduce water sales revenue from quantity charges.

During shortages, costs do not decrease in direct proportion to decreases in water use because typically a majority of costs are fixed regardless of how much water is supplied. In the District's case, 53.7% of costs are fixed and the remaining 46.3% of costs vary in proportion to water use. Hence, a 15% reduction in water use by customers may only reduce costs about 6.9% (i.e., 15% of the 46.3% of costs that vary in proportion to water use). With the revised cost-of-service based rates, the District will receive 25.4% of its revenue from fixed charges and the remaining 74.6% of revenue will come from water use charges (volumetric rates). Therefore a 15% reduction in water sales results in a 11.1% reduction in revenue (i.e., 15% of 74.6% of the revenue from volumetric rates). This means that, in a year-long 15% shortage, 93.1% of the costs are incurred while only 88.9% of the revenue is received, which is a 4.2% revenue shortfall.

Reserves may be able to cover the revenue shortfall during brief rationing periods. For longer or more severe rationing periods, temporary volumetric rate increases are needed to offset this revenue shortfall in order to maintain service levels. On average, the temporary volumetric rate increases are designed to be revenue neutral. In other words, customers will pay increased volumetric rates, which when multiplied by their reduced demand, will generate only enough water use charge revenue to cover costs.

The District proposes to use Water Shortage Revenue Stabilization Factors to make the temporary volumetric rate adjustments that are needed during official water shortage emergencies declared by the Board of Directors to offset the revenue shortfalls caused by conservation. Although the Water Shortage Revenue Stabilization Factors are designed to be revenue neutral, they must be implemented in compliance with the public notification requirements of Proposition 218.

## *Water Shortage Contingency Plan Levels*

The District's draft Water Shortage Contingency Plan 2025 update (WSCP) was developed to serve as a flexible framework of planned response measures to mitigate future water supply shortages. During shortages, the District may require water conservation by all its customers towards meeting necessary water use reduction goals. The WSCP also directs the District to focus its water conservation efforts on reducing discretionary water uses, such as outdoor irrigation, while attempting to preserve uses that are essential to health and safety and minimize economic and other impacts to its customers.

Consistent with state requirements, the District's WSCP is based on the six shortage levels shown in **Figure 4-12**. During a water shortage, the District will implement a range of actions to reduce water use and help ensure that demand for water does not exceed supply. Such actions may include public outreach campaigns, water efficiency customer assistance and rebate programs, operational changes, and prohibitions and restrictions on some uses. In the more severe stages of shortage, the District will also implement water rationing and require mandatory water reductions.

The District has planned demand reduction actions and other actions for each shortage level in the WSCP, and the District calculated corresponding reductions that could be achieved for each level. **Figure 4-12** lists the estimated percentage reductions that will be achieved when implementing the demand reduction actions and other actions specified in the WSCP for each shortage level. As can be seen in the figure, for a shortage level up to 10% (Stage 1), the District will require an 8% reduction in water use, and the actions for a shortage of up to 20% (Stage 2) will require a 15% reduction in water use.

**Figure 4-12. Water Use Reductions Required for Each Stage of the District's WSCP**

| | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| WSCP- Estimated Water Use Reduction | 8% | 15% | 25% | 35% | 45% | 53% |

As described further below, FY 2024-25 water consumption data was analyzed to determine the reduction requirement for both Residential and Non-Residential customer classes for each shortage level in the WSCP to meet the overall water savings assumed at that level.

## *Methodology*

Since the passage of Proposition 218, recurrent water shortages have led an increasing number of water suppliers to adopt revenue stabilization adjustments that do not trigger the Proposition 218 protest process each time an adjustment is made. This is accomplished by including the Water Shortage Revenue Stabilization Factor Adjustment procedure in the Proposition 218 notice at the time rates are adopted in compliance with Proposition 218. The notice describes the process, which rate payers have the right to protest. Barring a majority protest, the adjustment process is adopted as part of the rate increase and can be implemented as needed during the term of the adopted rate increases.

The adjustment process includes factors by which quantity (volumetric) charge rates are adjusted in alignment with the reduction stages in the WSCP. The factors are only applied to the quantity (volumetric) charge rates and not to the service charge rates to capture a

customer's changes in water demand. As part of the recommended revenue stabilization factors, it is proposed that the shortage reductions will vary by customer class. Each class's reduction will be determined by reducing "outdoor" water use (seasonal water use) 2.0 times more than "indoor" (average winter water use) water use. It is assumed that seasonal "outdoor" water demand is primarily for irrigation, which is a lower beneficial use than non-seasonal "indoor" demand, which is primarily related to health and safety needs. In the District's case, all water consumption by all other groups besides the single-family residential customers is counted as Non-Residential consumption in the figures that follow.

## *Analysis*

Based on FY 2024-25 metered consumption data, the resulting reductions are summarized in **Figure 4-13**. The reductions shown represent the customer class reductions required to achieve the reduction associated with each shortage stage. The customer class reductions are greater or less than the overall average for each stage depending on how much of each class's water demand is seasonal. The reductions for Non-Residential customers are slightly greater because this class has slightly more seasonal demand.

**Figure 4-13. Required Water Use Reductions (by Class for Each Drought Stage as Described in the District's WSCP)**

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 8% | 15% | 24% | 34% | 44% | 52% |
| **Non-Residential** | 8% | 16% | 26% | 36% | 47% | 55% |

**Figure 4-14** shows the calculation of each customer class's respective shortage reduction required during each shortage stage. The annual demand for each class is separated into indoor and outdoor water use where indoor water use is defined as the billing period from March through April multiplied times 6 to get the annualized indoor water use over 12 months. Subtracting indoor water use from the total annual water use determines the seasonal outdoor water use.

The percentage reductions for each customer class required to achieve the overall reduction for a particular stage are derived so that outdoor consumption is reduced 2.0 times indoor consumption. In a Stage 1 shortage, a 7.4% reduction in indoor water use and a 14.8% reduction in outdoor water use are required to achieve an overall 8% reduction. Applying the same reduction factors to each class results in different overall reductions for the class based on the relative proportions of their indoor and outdoor water use.

To achieve the 8% Stage 1 reduction, Residential, Non-Residential, and Recycled Water customers, are required to conserve 8%. However, in Stages 2, 3, 4, 5, and 6, Non-Residential and Recycled Water customers are required to conserve a larger percentage than Residential customers. This is because Non-Residential and Recycled Water customers have higher seasonal use compared to Residential customers, as a result of lower Residential irrigation demand and seasonal Non-Residential demand driven by tourism. Note that the reduction required in Stage 6 is so great that all outdoor water use is eliminated. In the example shown in **Figure 4-14**, a 53% reduction is assumed, requiring indoor water use to be cut back 48.8%, which is a slightly greater relationship than the 2-to-1 relationship used for all other stages.

**Figure 4-14. Calculation of Shortage Reductions (by Stage and Customer Class)**

| 8% Stage 1 Reduction (up to 10% reduction) Baseline Annual Demand (HCF) | | | | Reductions | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 7.4% | 14.8% | 44,059 | 5,655 | 49,715 | 8% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 7.4% | 14.8% | 20,754 | 5,963 | 26,717 | 8% |
| Total | 955,399 | 876,810 | 78,589 | 7.4% | 14.8% | 64,813 | 11,619 | 76,432 | **8.0%** |
| **15% Stage 2 Reduction (up to 20% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 13.9% | 27.7% | 82,611 | 10,604 | 93,215 | 15% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 13.9% | 27.7% | 38,914 | 11,181 | 50,095 | 16% |
| Total | 955,399 | 876,810 | 78,589 | 13.9% | 27.7% | 121,525 | 21,785 | 143,310 | **15.0%** |
| **25% Stage 3 Reduction (up to 30% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 23.1% | 46.2% | 137,686 | 17,673 | 155,359 | 24% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 23.1% | 46.2% | 64,856 | 18,635 | 83,491 | 26% |
| Total | 955,399 | 876,810 | 78,589 | 23.1% | 46.2% | 202,542 | 36,308 | 238,850 | **25.0%** |
| **35% Stage 4 Reduction (up to 40% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 32.3% | 64.7% | 192,760 | 24,742 | 217,502 | 34% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 32.3% | 64.7% | 90,799 | 26,089 | 116,888 | 36% |
| Total | 955,399 | 876,810 | 78,589 | 32.3% | 64.7% | 283,559 | 50,831 | 334,390 | **35.0%** |
| **45% Stage 5 Reduction (up to 50% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 41.6% | 83.2% | 247,834 | 31,811 | 279,645 | 44% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 41.6% | 83.2% | 116,741 | 33,543 | 150,284 | 47% |
| Total | 955,399 | 876,810 | 78,589 | 41.6% | 83.2% | 364,575 | 65,354 | 429,930 | **45.0%** |
| **53% Stage 6 Reduction (greater than 50% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
| Class | Total | Indoor | Outdoor | Indoor | Outdoor | Indoor | Outdoor | Total | Total |
| Residential | 634,299 | 596,046 | 38,253 | 48.8% | 100.0% | 290,795 | 38,253 | 329,048 | 52% |
| Non-Residential | 321,100 | 280,764 | 40,336 | 48.8% | 100.0% | 136,977 | 40,336 | 177,313 | 55% |
| Total | 955,399 | 876,810 | 78,589 | 48.8% | 100.0% | 427,772 | 78,589 | 506,361 | **53.0%** |

The service charges are fixed and generate 25.4% of the total rate revenue regardless of shortages. The remaining 74.6% of revenue is generated by the volumetric rates. In deriving the Water Shortage Revenue Stabilization Factors, the factors will only apply to the volumetric rates because fluctuations in water use correlate with fluctuations in variable costs. Each customer class has its own set of Water Shortage Revenue Stabilization Factors corresponding to its reduction in each stage of shortage.

The formula for the Water Shortage Revenue Stabilization Factors comprises conservation and variable cost components. The conservation component adjusts to account for the required reduction in water demand. The variable cost component adjusts to account for the portion of variable costs that is covered by the quantity charges. The Water Shortage Revenue Stabilization Factors are the product of the conservation component multiplied by the variable cost component. Each component is defined as follows:

**Water Shortage Revenue Stabilization Factor** = Conservation Component multiplied times Variable Cost Component, where

**Conservation Component** = 1/(1 - a), where

a = required percentage reduction, which varies by customer class.

**Variable Cost Component** = (b - (c * a))/b, where

a = required percentage reduction, which varies by customer class;

b = percentage of revenue from total service charges and volumetric rates for all customer classes that is attributable to volumetric rates, an amount that is 74.6% based on the cost-of-service analysis; and

c = percentage of total revenue requirement covered by service charges and volumetric rates that varies based on fluctuations in demand, an amount that is currently 46.3%.[12]

The following example illustrates how the formula determined the 1.032 Water Shortage Revenue Stabilization Factor in **Figure 4-15** for the Residential customer class in a Stage 1 shortage in which an overall conservation goal of 8% is required.

**Conservation Component**: 1/(1 - a) = 1/(1 - 0.0784) = 1.0850, where

a = required percentage reduction is 7.84% for the residential customer class (see **Figure 4-13**, where a rounded 8% is shown).

**Variable Cost Component**: (b - (c * a))/b = (0.746 - (0.463 * 0.0784))/0.746 = 0.9514, where

a = 7.84% reduction for residential customers in a Stage 1 shortage.

b = 74.6% of total rate revenue is generated by quantity charges; and

c = 46.3% of revenue requirement is related to variable costs

**Water Shortage Revenue Stabilization Factor**: 1.0850 * 0.9514 = 1.0323 (or 1.032 rounded, as shown in **Figure 4-15**).

The residential quantity charge rates in effect under non-shortage conditions would be multiplied by 1.032 to derive the quantity charge rates to be in effect during a Stage 1 water shortage. **Figure 4-15** shows the Water Shortage Revenue Stabilization Factors that would be applied to the rates that would normally be in effect absent declared shortages.

[12] The cost of SFPUC water is the largest example of a variable cost, which varies with water demand.

**Figure 4-15 Water Shortage Revenue Stabilization Factors by WSCP (Defined Water Shortage Stage and Customer Class)**

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 1.032 | 1.065 | 1.123 | 1.198 | 1.300 | 1.410 |
| **Non-Residential** | 1.034 | 1.070 | 1.133 | 1.217 | 1.334 | 1.468 |

*To be applied to the non-shortage rates in effect at the time of the shortage declaration.*

## *Implementation*

The recommended Water Shortage Revenue Stabilization Factors in **Figure 4-15** are implemented only during periods of declared water shortage emergencies. Once a mandatory shortage is declared, the Board of Directors has discretion to enact Water Shortage Revenue Stabilization Adjustments corresponding to the level of shortage reduction implemented using the factors provided in **Figure 4-15**. The adjustments can go in either direction from stage to stage depending on whether the level of reduction is increasing or decreasing during the shortage. At least 30 days prior to making the adjustment, notice must be provided to rate payers, which can be included in the customer's bills. No protest process is required. These adjustments would be temporary, and rates would return to the regular schedule at the conclusion of the water shortage emergency.

These stabilization adjustments act similarly to the pass-through adjustments for the cost of SFPUC purchased water, which were incorporated into the Proposition 218 notice in the last rate increase. The pass-through adjustment allows the District to adjust volumetric rates to track any difference between the SFPUC rates that were included in the model and the actual rates adopted each year by SFPUC. The pass-through adjustment can also be made by providing 30-day notice in the customer bills without triggering the need for a Proposition 218 protest process.

# Section 5. Customer Bill Impacts

## RESIDENTIAL BILLS

**Figure 5-1** tabulates the current and proposed bills for Residential customers with a 5/8" service. The bills are calculated from 0 to 30 HCF. At 0 HCF, only the service charge is shown. From 1 HCF and higher the bi-monthly demand is shown in both HCF and gallons per day (GPD). The color changes highlight the consolidation from four to three tiers. The dollar difference compares the proposed bills with the current bills.

**Figure 5-1. Current and Proposed Residential Bill Comparison**

| Bi-Monthly Demand | | Residential Bi-Monthly Bills (5/8" Service) | | | |
|---|---|---|---|---|---|
| | | Current | Proposed FY 2026-27 | $ | % |
| HCF | Gal/Day | Rates | (3-Tiers) | Difference | Difference |
| 0 | 0 | $60.18 | $51.98 | ($8.20) | -13.6% |
| 1 | 12 | $67.46 | $62.13 | ($5.33) | -7.9% |
| 2 | 25 | $74.74 | $72.28 | ($2.46) | -3.3% |
| 3 | 37 | $82.02 | $82.43 | $0.41 | 0.5% |
| 4 | 50 | $89.30 | $92.58 | $3.28 | 3.7% |
| 5 | 62 | $96.58 | $102.73 | $6.15 | 6.4% |
| 6 | 75 | $107.35 | $112.88 | $5.53 | 5.2% |
| 7 | 87 | $118.12 | $123.03 | $4.91 | 4.2% |
| 8 | 100 | $128.89 | $133.18 | $4.29 | 3.3% |
| 9 | 112 | $139.66 | $143.33 | $3.67 | 2.6% |
| 10 | 125 | $154.10 | $154.98 | $0.88 | 0.6% |
| 11 | 137 | $168.54 | $166.63 | ($1.91) | -1.1% |
| 12 | 150 | $182.98 | $178.28 | ($4.70) | -2.6% |
| 13 | 162 | $197.42 | $192.85 | ($4.57) | -2.3% |
| 14 | 175 | $215.09 | $207.42 | ($7.67) | -3.6% |
| 15 | 187 | $232.76 | $221.99 | ($10.77) | -4.6% |
| 16 | 199 | $250.43 | $236.56 | ($13.87) | -5.5% |
| 17 | 212 | $268.10 | $251.13 | ($16.97) | -6.3% |
| 18 | 224 | $285.77 | $265.70 | ($20.07) | -7.0% |
| 19 | 237 | $303.44 | $280.27 | ($23.17) | -7.6% |
| 20 | 249 | $321.11 | $294.84 | ($26.27) | -8.2% |
| 21 | 262 | $338.78 | $309.41 | ($29.37) | -8.7% |
| 22 | 274 | $356.45 | $323.98 | ($32.47) | -9.1% |
| 23 | 287 | $374.12 | $338.55 | ($35.57) | -9.5% |
| 24 | 299 | $391.79 | $353.12 | ($38.67) | -9.9% |
| 25 | 312 | $409.46 | $367.69 | ($41.77) | -10.2% |
| 26 | 324 | $427.13 | $382.26 | ($44.87) | -10.5% |
| 27 | 337 | $444.80 | $396.83 | ($47.97) | -10.8% |
| 28 | 349 | $462.47 | $411.40 | ($51.07) | -11.0% |
| 29 | 362 | $480.14 | $425.97 | ($54.17) | -11.3% |
| 30 | 374 | $497.81 | $440.54 | ($57.27) | -11.5% |

With the proposed rates, all customers with a 5/8-inch meter[13] will pay no more than the overall 7% revenue increase for FY 2026-27. Very low use customers will see bill reductions because of the reduced service charge. Customers using 11 HCF or more will also see bill reductions because of lower volumetric rates. Two-thirds of customer bills do not exceed 9 HCF (Tier-1's breakpoint) and those using 9 HCF will pay only 2.6% more than current rates despite the overall 7% revenue increase.

## NON-RESIDENTIAL BILLS

**Figure 5-2** tabulates the current and proposed bills for Non-Residential customers receiving potable water with a 5/8-inch service. This size of service is common for this customer class. The average Non-Residential bill is 58 HCF. Thus, customers with average water use, served by a 5/8-inch meter would see an increase to their bill of $88.08. This increase is the result of (1) the need for an overall 7% increase in revenue, (2) the updated cost-of-service allocations, and (3) the realignment of the service and volume charges.

**Figure 5-2. Current and Proposed Non-Residential Bill Comparison**

| Bi-Monthly Demand | | Commercial Bi-Monthly Bills (5/8" Service) | | | |
|---|---|---|---|---|---|
| | | | Proposed | | |
| HCF | Gal/Day | Current | FY 2026-27 | $ Difference | % Difference |
| 0 | 0 | $60.18 | $51.98 | ($8.20) | -13.6% |
| 10 | 125 | $160.78 | $169.18 | $8.40 | 5.2% |
| 20 | 249 | $261.38 | $286.38 | $25.00 | 9.6% |
| 30 | 374 | $361.98 | $403.58 | $41.60 | 11.5% |
| 40 | 499 | $462.58 | $520.78 | $58.20 | 12.6% |
| 50 | 623 | $563.18 | $637.98 | $74.80 | 13.3% |
| 60 | 748 | $663.78 | $755.18 | $91.40 | 13.8% |
| 70 | 873 | $764.38 | $872.38 | $108.00 | 14.1% |
| 80 | 997 | $864.98 | $989.58 | $124.60 | 14.4% |
| 90 | 1,122 | $965.58 | $1,106.78 | $141.20 | 14.6% |
| 100 | 1,247 | $1,066.18 | $1,223.98 | $157.80 | 14.8% |
| 110 | 1,371 | $1,166.78 | $1,341.18 | $174.40 | 14.9% |
| 120 | 1,496 | $1,267.38 | $1,458.38 | $191.00 | 15.1% |

**Figure 5-2** demonstrates that increases to Non-Residential customer bills are attributable to volumetric charge increases as the percentage increase per bill rises relative to water use recorded. volumetric charges are increasing as a result of the cost-of-service analysis, which indicated that Non-Residential customers share of demand-related expenses has increased relative to Residential customers. However, it is worth noting that both Non-Residential demand and Residential demand have decreased since the previous cost-of-service study. Because Residential use has declined further, Non-Residential customers have been allocated a larger share than in the past. Consequently, the proposed uniform rate is increasing 16.5% from the current rate. Thus, when usage occurs, under the proposed rates Non-Residential customers will pay more for service.

[13] 90.4% of customers have 5/8-inch services.

**Figure 5-3** tabulates the current and proposed bills for Recycled Water customers with a 4-inch service.

**Figure 5-3. Current and Proposed Recycled Water Bill Comparison**

| Bi-Monthly Demand | | Recycled Water Bi-Monthly Bills (4" Service) | | | |
|---|---|---|---|---|---|
| | | | Proposed | | |
| HCF | Gal/Day | Current | FY 2026-27 | $ Difference | % Difference |
| 0 | 0 | $843.45 | $310.85 | ($532.60) | -63.1% |
| 100 | 1,247 | $1,748.45 | $1,365.85 | ($382.60) | -21.9% |
| 200 | 2,493 | $2,653.45 | $2,420.85 | ($232.60) | -8.8% |
| 300 | 3,740 | $3,558.45 | $3,475.85 | ($82.60) | -2.3% |
| 400 | 4,987 | $4,463.45 | $4,530.85 | $67.40 | 1.5% |
| 500 | 6,233 | $5,368.45 | $5,585.85 | $217.40 | 4.0% |
| 600 | 7,480 | $6,273.45 | $6,640.85 | $367.40 | 5.9% |
| 700 | 8,727 | $7,178.45 | $7,695.85 | $517.40 | 7.2% |
| 800 | 9,973 | $8,083.45 | $8,750.85 | $667.40 | 8.3% |
| 900 | 11,220 | $8,988.45 | $9,805.85 | $817.40 | 9.1% |
| 1,000 | 12,467 | $9,893.45 | $10,860.85 | $967.40 | 9.8% |
| 1,100 | 13,713 | $10,798.45 | $11,915.85 | $1,117.40 | 10.3% |
| 1,200 | 14,960 | $11,703.45 | $12,970.85 | $1,267.40 | 10.8% |

## AGENCY BILL COMPARISON

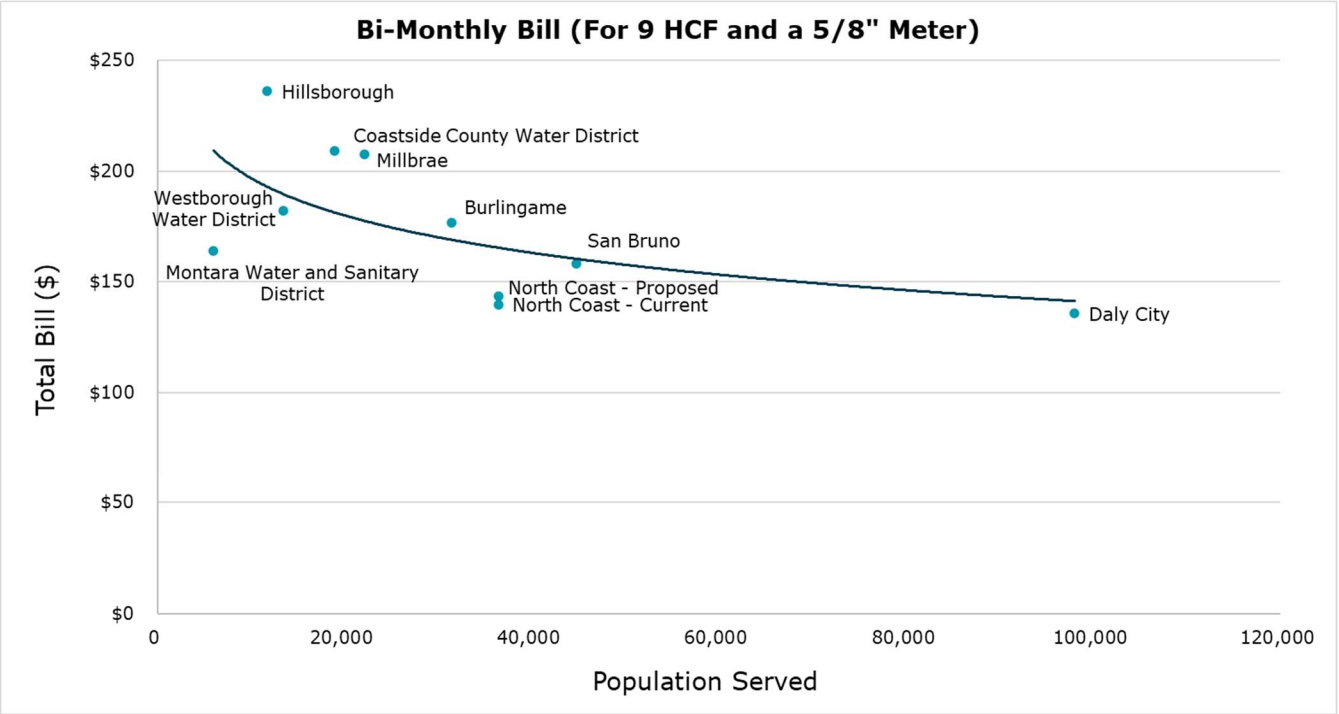
**Figure 5-4** compares the District's current and proposed Residential volumetric rates to some of its neighboring water suppliers based on available rate information for 2026. The number of tiers and water use within each tier differs between jurisdictions. **Figure 5-4** also compares the water bills paid by customers with a 5/8-inch water meter, or the smallest meter size available. Even with the proposed rates, the District's customers will pay among the lowest for low water use (5 HCF), average water use (9 HCF), and high water use (18 HCF) among customers in neighboring jurisdictions.

**Figure 5-4. Comparison to Other Local Residential Volumetric Rates**

| | NCCWD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Rates per Tier ($/HCF)** | | | | | | | | | | |
| | Current | Proposed | Burlingame | Coastside | Hillsborough | Montara | San Bruno | Daly City | Millbrae | Westborough |
| Tier 1 | $7.28 | $10.15 | $9.79 | $13.30 | $7.59 | $10.29 | $10.79 | $7.99 | $15.42 | $11.69 |
| Tier 2 | $10.77 | $11.65 | $10.98 | $19.76 | $9.91 | $13.58 | $12.80 | $10.58 | | |
| Tier 3 | $14.44 | $14.57 | $12.18 | $23.93 | $15.63 | $16.83 | $16.83 | $14.60 | | |
| Tier 4 | $17.67 | | $13.38 | | $20.96 | $22.59 | | | | |
| Tier 5 | | | $14.58 | | | | | | | |
| **Breakpoints (Bi-monthly HCF)** | | | | | | | | | | |
| BP #1 | 5 | 9 | 5 | 8 | 22 | 12 | 20 | 13 | uniform | uniform |
| BP #2 | 9 | 12 | 11 | 16 | 44 | 26 | 40 | 26 | | |
| BP #3 | 13 | | 21 | | 78 | 54 | | | | |
| BP #4 | | | 32 | | | | | | | |
| **Effective Date** | *7/1/2025* | *8/1/2026* | *1/1/2019* | *1/19/2026* | *1/1/2026* | *6/12/2025* | *1/1/2026* | *7/1/2026* | *7/1/2026* | *7/1/2026* |
| **Sample Bi-Monthly Water Bill with the smallest available meter size and range of water usage** | | | | | | | | | | |
| 5 HCF | $96.58 | $102.73 | $132.98 | $149.36 | $205.58 | $122.77 | $114.85 | $103.60 | $145.80 | $135.27 |
| 9 HCF | $139.66 | $143.33 | $176.49 | $209.02 | $235.94 | $163.93 | $158.01 | $135.56 | $207.48 | $182.03 |
| 18 HCF | $285.77 | $265.70 | $284.07 | $395.20 | $304.25 | $276.28 | $255.12 | $220.42 | $346.26 | $287.24 |

**Figure 5-5** compares average Residential bills (service charge and volumetric charge) for the District with some of its neighboring water suppliers based on the average customer water use of 9 HCF during a bi-monthly billing period. The bi-monthly bills are plotted against the population served. In this way, economies of scale can be accounted for because larger agencies often have lower costs per customer. The curved, dark line is a trend line. The trend line drops from left to right indicating the effect of economies of scale. The District's current and proposed bills fall below the trend line.

**Figure 5-5. Comparison to Other Local Residential Bi-Monthly Bills**

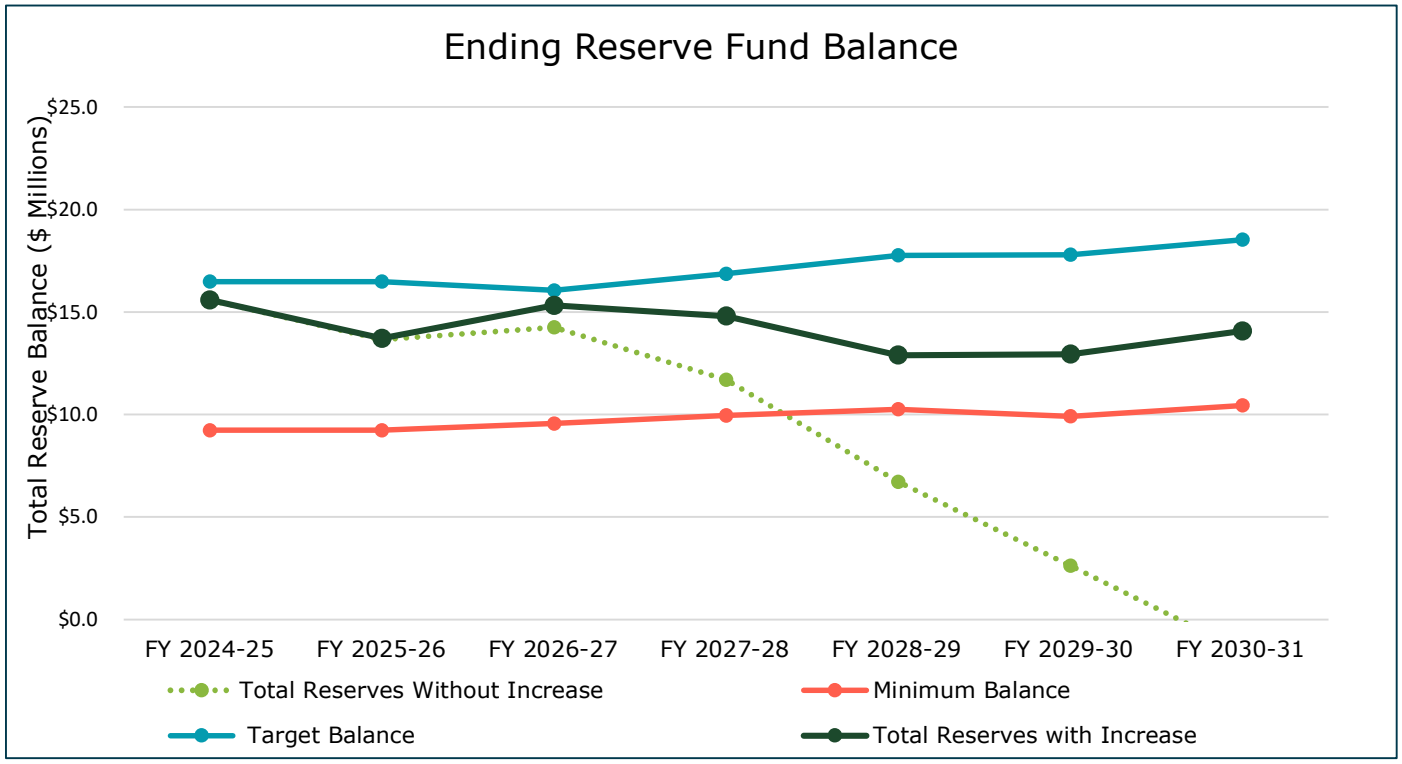


# Appendix A

## WATER RATE STUDY MODEL

**North Coast County Water District**
**Water Rate Study**
**1A. Summary**

| *Fiscal Year:* | **FY 2025-26** | **FY 2026-27** | **FY 2027-28** | **FY 2028-29** | **FY 2029-30** | **FY 2030-31** | **Notes** | |
|---|---|---|---|---|---|---|---|---|
| | *eff. date* | *8/1/2026* | *7/1/2027* | *7/1/2028* | *7/1/2029* | *7/1/2030* | | |
| **Revenue Increases** | **Adopted (3%)** | **7.0%** | **6.0%** | **6.0%** | **6.0%** | **6.0%** | | |
| **PAYGO-Funded Capital** | $3,318,364 | $1,047,870 | $2,593,977 | $3,811,801 | $2,952,631 | $1,984,671 | **$2,478,190** | Average Annual PAYGo |
| **Bond-Funded Capital** | $3,580,000 | $0 | $0 | $0 | $0 | $0 | **$0** | Total New Debt-funded Capital |
| **Cummulative** | | 7.0% | 13.4% | 20.2% | 27.4% | 35.1% | | |
| **Debt Coverage Ratio** | 1.61 | 1.76 | 1.86 | 2.10 | 3.51 | 3.60 | | |



**North Coast County Water District**
**Water Rate Study**
**1B. General**

| | **Assumptions** | **FY 2025-26** | **FY 2026-27** | **FY 2027-28** | **FY 2028-29** | **FY 2029-30** | **FY 2030-31** | **Notes** |
|---|---|---|---|---|---|---|---|---|
| **a** | General Inflation | Per Budget | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | To Table 2 |
| **b** | Utilities | Per Budget | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | To Table 2 |
| **c** | Salary Increases | Per Budget | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | To Table 2 |
| **d** | Pension | Per Budget | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | To Table 2 |
| **e** | SFPUC Water Rate per HCF | $5.80 | $6.23 | $6.69 | $6.91 | $7.06 | $7.38 | To Table 2 |
| | | % Change | 7.4% | 7.4% | 3.3% | 2.2% | 4.5% | |
| | SFPUC Purchases (HCF) | 997,846 | 1,022,277 | 1,022,277 | 1,022,277 | 1,022,277 | 1,022,277 | To Table 2, 6a |
| | Assumed Losses | 5.9% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | To Table 2 |
| **f** | Liability Insurance | Per Budget | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | To Table 2 |
| **g** | Interest on Earnings | 4.0% | 3.0% | 2.0% | 2.0% | 2.0% | 2.0% | To Table 4 |
| **h** | Non-rate Revenues | Per Budget | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | To Table 2 |
| **i** | % Cutbacks due to Conservation | 0.0% | 0% | 0% | 0% | 0% | 0% | To Tables 2,3 |
| **j** | Growth in Accounts | 0.0% | 0.00% | 0.24% | 0.24% | 0.24% | 0.24% | To Table 3A |
| **k** | Construction Cost Inflation | Per Budget | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | To Table 5 |
| **l** | Benefit Increases | Per Budget | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | To Table 2 |
| **m** | Change in Residential Consumption | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | To Table 6a |
| **n** | Change in Non-Residential Consumption | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | To Table 6a |
| **o** | Change in Irrigation Consumption | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |
| **p** | Change in Recycled Water Consumption | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | To Table 6a |

**Target Fund Balances**

Operating Fund

| | |
|---|---|
| Purpose | For O&M cash flow during the year |
| Funding priority | Highest. |
| Minimum balance | Cannot go negative |
| Target balance | Three months of operating expenses |
| District Policy | Six months of operating expenses (minus one time expenditures) |

**Legend**

| | |
|---|---|
| | Input |
| | Value informed by District budget input (Table 2) |
| | Formula-based output |

Capital Improvement Fund

| | |
|---|---|
| Purpose | To be used for replacement of Equipment/ Facilities |
| Funding priority | Low |
| Minimum balance | Cannot go negative |
| Target balance | Average annual expenditure increased by Assumption (12) above |
| District Policy | Combined sum of the 5-year average of previous CIP + 3 mo's budgeted CIP PAYGo |

Debt Reserve Fund

| | |
|---|---|
| Purpose | For acquisition and construction of facilities and infrastructure for new customers. |
| Funding priority | As needed |
| Minimum balance | Cannot go negative |
| Target balance | 100% of all deposited funds |
| District Policy | FY gross revenues 1.2 x the FY aggregate debt service |

Retirement Fund

| | |
|---|---|
| Purpose | Fund retiree benefits |
| Funding priority | When possible |
| Minimum balance | Cannot go negative |
| Target balance | The amount budgeted annually for retiree health care expenses |

Emergency Reserve

| | |
|---|---|
| Purpose | For emergent, unplanned projects brought on by natural disasters or failure of critical system elements |
| Funding priority | When possible |
| Minimum balance | Cannot go negative |
| Target balance | Three months operating expenses |

Drought Contingency Fund

| | |
|---|---|
| Purpose | For additional cash flow when drought creates reduction of revenue |
| Funding priority | Low |
| Minimum balance | Cannot go negative |
| Target balance | $500,000 |

**North Coast County Water District**
**Water Rate Study**
**2. Rev Req**

| Account # | | *Esc. Factors* Tbl 1B | Tbl 1B | Budgeted FY 2025-26 | Projected FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|---|---|
| **SFPUC Water Purchases** | | | | | | | | | | |
| | Quantity Charge | e | | $5,800,000 | $6,368,785 | $6,839,033 | $7,063,934 | $7,217,275 | $7,544,404 | FY 25-26 per District budget |
| | Service Charge | a | | $46,500 | $47,895 | $49,332 | $50,812 | $52,336 | $53,906 | Per District budget |
| | BAWSCA Surcharge | a | | $483,156 | $497,651 | $512,580 | $527,958 | $543,796 | $560,110 | Per 2026-27 per SFPUC Rate Notice Letter |
| | Water Management Charge (through 2/2026) | | | $21,376 | $0 | $0 | $0 | $0 | $0 | Per 2026-27 per SFPUC Rate Notice Letter |
| | **Subtotal, SFPUC Water Purchases** | | | **$6,351,032** | **$6,914,331** | **$7,400,945** | **$7,642,703** | **$7,813,408** | **$8,158,420** | |
| | *Annual Change* | | | | *8.9%* | *7.0%* | *3.3%* | *2.2%* | *4.4%* | |
| **Salaries & Benefits** | | | | | | | | | | |
| 5111 | Regular Salary | c | | $2,805,000 | $2,889,150 | $2,975,825 | $3,065,099 | $3,157,052 | $3,251,764 | |
| 5112 | Overtime | c | | $52,000 | $53,560 | $55,167 | $56,822 | $58,526 | $60,282 | |
| 5113 | Duty | c | d | $100,000 | $110,210 | $121,462 | $133,864 | $147,531 | $162,594 | |
| 5114 | Temporary Employment | c | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5640 | Payroll Taxes | c | | $193,500 | $199,305 | $205,284 | $211,443 | $217,786 | $224,320 | |
| 5641 | Workers Compensation | l | | $45,000 | $48,150 | $51,521 | $55,127 | $58,986 | $63,115 | |
| 5642 | Health Insurance | c | | $624,000 | $642,720 | $662,002 | $681,862 | $702,317 | $723,387 | |
| 5642A | Retiree Health Insurance | d | | $315,000 | $337,050 | $360,644 | $385,889 | $412,901 | $441,804 | |
| 5643 | Employee Retirement | d | | $815,000 | $872,050 | $933,094 | $998,410 | $1,068,299 | $1,143,080 | |
| 5644 | Retiree COLA Benefit | d | | $94,000 | $100,580 | $107,621 | $115,154 | $123,215 | $131,840 | |
| 5645 | Director's Health Insurance | l | | $92,000 | $98,440 | $105,331 | $112,704 | $120,593 | $129,035 | |
| 5646 | Life Insurance | l | | $30,000 | $32,100 | $34,347 | $36,751 | $39,324 | $42,077 | |
| 5647 | Employee Welfare | l | | $5,000 | $5,350 | $5,725 | $6,125 | $6,554 | $7,013 | |
| 5940 | Directors Fees | | | $17,000 | $17,000 | $17,000 | $17,000 | $17,000 | $17,000 | |
| | **Subtotal, Salaries & Benefits** | | | **$5,187,500** | **$5,405,665** | **$5,635,020** | **$5,876,249** | **$6,130,085** | **$6,397,309** | |
| | *Annual Change* | | | | *4.2%* | *4.2%* | *4.3%* | *4.3%* | *4.4%* | |
| **O & M** | | | | | | | | | | |
| 5230 | Utilities | i | b | $415,000 | $435,750 | $457,538 | $480,414 | $504,435 | $529,657 | |
| 5312 | Lab | a | | $45,000 | $46,350 | $47,741 | $49,173 | $50,648 | $52,167 | |
| 5314 | Regulatory Fees/Other Services - Misc. | a | | $185,000 | $190,550 | $196,267 | $202,154 | $208,219 | $214,466 | |
| 5315 | Contract Services | a | | $10,000 | $10,300 | $10,609 | $10,927 | $11,255 | $11,593 | |
| 5350 | Tools & Equipment | a | | $21,000 | $21,630 | $22,279 | $22,947 | $23,636 | $24,345 | |
| 5410 | Meters | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5411 | Asphaltic Materials | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5412 | Operating Supplies | a | | $6,000 | $6,180 | $6,365 | $6,556 | $6,753 | $6,956 | |
| 5420 | Inventory | a | | $135,000 | $139,050 | $143,222 | $147,518 | $151,944 | $156,502 | |
| 5513 | Payment Center Fees | i | a | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5514 | On-line Payment Fees | a | | $200,000 | $206,000 | $212,180 | $218,545 | $225,102 | $231,855 | |
| 5621 | Printing & Office Supplies | a | | $15,000 | $15,450 | $15,914 | $16,391 | $16,883 | $17,389 | |
| 5623 | Telephone | a | | $32,500 | $33,475 | $34,479 | $35,514 | $36,579 | $37,676 | |
| 5624 | Janitor & Gardener | a | | $35,000 | $36,050 | $37,132 | $38,245 | $39,393 | $40,575 | |
| 5627 | Postage | a | | $48,000 | $49,440 | $50,923 | $52,451 | $54,024 | $55,645 | |
| 5628 | General Manager's Expenses | a | | $5,000 | $5,150 | $5,305 | $5,464 | $5,628 | $5,796 | |
| 5629 | Vehicle Maintenance | a | | $30,000 | $30,900 | $31,827 | $32,782 | $33,765 | $34,778 | |
| 5631 | Office Building Maintenance | a | | $60,000 | $61,800 | $63,654 | $65,564 | $67,531 | $69,556 | |
| 5632 | Fuel | a | | $55,000 | $56,650 | $58,350 | $60,100 | $61,903 | $63,760 | |

**North Coast County Water District**
**Water Rate Study**
**2. Rev Req**

| Account # | | *Esc. Factors* Tbl 1B | Tbl 1B | Budgeted FY 2025-26 | Projected FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|---|---|
| 5635 | Staff Training | a | | $30,000 | $30,900 | $31,827 | $32,782 | $33,765 | $34,778 | |
| 5650 | Office Equipment | a | | $30,000 | $30,900 | $31,827 | $32,782 | $33,765 | $34,778 | |
| 5655 | Office Equipment Lease | a | | $15,000 | $15,450 | $15,914 | $16,391 | $16,883 | $17,389 | |
| 5661 | Uniforms & Safety Equip. | a | | $18,500 | $19,055 | $19,627 | $20,215 | $20,822 | $21,447 | |
| 5670 | Repairs & Maintenance | a | | $100,000 | $103,000 | $106,090 | $109,273 | $112,551 | $115,927 | |
| 5675 | Flushing | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5725 | Rebate Programs | a | | $48,500 | $49,955 | $51,454 | $52,997 | $54,587 | $56,225 | |
| 5730 | Misc. Supplies | a | | $20,000 | $20,600 | $21,218 | $21,855 | $22,510 | $23,185 | |
| | Recycle Water Operations | a | | $8,000 | $8,240 | $8,487 | $8,742 | $9,004 | $9,274 | |
| 5735 | Emergency Repairs | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| | **Subtotal, O & M** | | | **$1,567,500** | **$1,622,825** | **$1,680,225** | **$1,739,782** | **$1,801,584** | **$1,865,720** | |
| | *Annual Change* | | | | *3.5%* | *3.5%* | *3.5%* | *3.6%* | *3.6%* | |
| **Non-Operating Expenditures** | | | | | | | | | | |
| 5620 | Advertising | a | | $8,500 | $8,755 | $9,018 | $9,288 | $9,567 | $9,854 | |
| 5522 | Bad Debt Write-Off | a | | $20,000 | $20,600 | $21,218 | $21,855 | $22,510 | $23,185 | |
| 5523 | Bad Debt Recovery | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5622 | Utilities | a | | $20,000 | $20,600 | $21,218 | $21,855 | $22,510 | $23,185 | |
| 5625 | Meetings & Conferences | a | | $2,500 | $2,575 | $2,652 | $2,732 | $2,814 | $2,898 | |
| 5626 | Dues & Membership | a | | $60,000 | $61,800 | $63,654 | $65,564 | $67,531 | $69,556 | |
| 5626A | BAWSCA Dues | a | | $106,500 | $109,695 | $112,986 | $116,375 | $119,867 | $123,463 | |
| 5630 | Insurance | f | | $165,000 | $173,250 | $181,913 | $191,008 | $200,559 | $210,586 | |
| 5637 | Billing | a | | $140,000 | $144,200 | $148,526 | $152,982 | $157,571 | $162,298 | |
| 5680 | Engineering Fees | a | | $175,000 | $125,000 | $128,750 | $132,613 | $136,591 | $196,963 | |
| 5681 | Legal Fees | a | | $120,000 | $123,600 | $127,308 | $131,127 | $135,061 | $139,113 | |
| 5682 | Auditing & Accounting Fees | a | | $30,000 | $30,900 | $31,827 | $32,782 | $33,765 | $34,778 | |
| 5683 | Misc. Professional Fees | a | | $425,000 | $245,000 | $252,350 | $259,921 | $267,718 | $557,087 | |
| 5685 | Water Education | a | | $15,000 | $15,450 | $15,914 | $16,391 | $16,883 | $17,389 | |
| 5687 | Water Conservation | a | | $35,000 | $36,050 | $37,132 | $38,245 | $39,393 | $40,575 | |
| 5720 | Taxes & Assessments | a | | $3,000 | $3,090 | $3,183 | $3,278 | $3,377 | $3,478 | |
| 5730 | Miscellaneous Expense | a | | $6,000 | $6,180 | $6,365 | $6,556 | $6,753 | $6,956 | |
| 5731 | Books & Publications | a | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 5732 | License & Certifications | a | | $2,000 | $2,060 | $2,122 | $2,185 | $2,251 | $2,319 | |
| 5733 | Meals | a | | $3,500 | $3,605 | $3,713 | $3,825 | $3,939 | $4,057 | |
| 5734 | Travel & Lodging | a | | $5,000 | $5,150 | $5,305 | $5,464 | $5,628 | $5,796 | |
| 5735 | Employee Rec Dinner & Awards | a | | $2,500 | $2,575 | $2,652 | $2,732 | $2,814 | $2,898 | |
| 5941 | Director's Election | a | | $0 | $20,000 | $0 | $20,000 | $0 | $20,000 | |
| 5942 | Director's Conv. & Travel | a | | $8,000 | $8,240 | $8,487 | $8,742 | $9,004 | $9,274 | |
| | **Subtotal, Non-Operating Expenditures** | | | **$1,352,500** | **$1,168,375** | **$1,186,291** | **$1,245,518** | **$1,266,104** | **$1,665,710** | |
| | *Annual Change* | | | | *-13.6%* | *1.5%* | *5.0%* | *1.7%* | *31.6%* | |
| | **Total Expenses** | | | **$14,458,532** | **$15,111,196** | **$15,902,481** | **$16,504,253** | **$17,011,180** | **$18,087,160** | |
| | *Annual Change* | | | | *4.5%* | *5.2%* | *3.8%* | *3.1%* | *6.3%* | |

**North Coast County Water District**
**Water Rate Study**
**2. Rev Req**

| Account # | | *Esc. Factors* Tbl 1B | Tbl 1B | Budgeted FY 2025-26 | Projected FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|---|---|
| **Debt Service** | | | | | | | | | | |
| 5800 | CSCDA RBP 2012 C | | | $513,325 | $514,300 | $509,294 | $513,206 | $0 | $0 | From Table 7 |
| | 2021 Certificates of Participation | | | $1,156,000 | $1,159,000 | $1,157,500 | $1,154,800 | $1,165,800 | $1,167,000 | From Table 7 |
| | Future Debt - FY 2030-31 Debt Issuance | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 7 |
| | Future Debt - FY 2030-31 Debt Issuance | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 7 |
| | **Subtotal, Debt Service** | | | **$1,669,325** | **$1,673,300** | **$1,666,794** | **$1,668,006** | **$1,165,800** | **$1,167,000** | |
| | *Annual Change* | | | | *0.2%* | *-0.4%* | *0.1%* | *-30.1%* | *0.1%* | |
| **Non-Rate Revenues** | | | | | | | | | | |
| 4210 | Fire Standby | | h | ($63,000) | ($63,000) | ($63,000) | ($63,000) | ($63,000) | ($63,000) | |
| 4230 | Water Connections | | | ($25,000) | ($25,000) | ($25,000) | ($25,000) | ($25,000) | ($25,000) | |
| 4240 | Renewal of Service | | | ($21,000) | ($21,000) | ($21,000) | ($21,000) | ($21,000) | ($21,000) | |
| 4260 | Late Charges | | | ($70,000) | ($70,000) | ($70,000) | ($70,000) | ($70,000) | ($70,000) | |
| 4870 | Miscellaneous Revenues | | | ($75,000) | ($75,000) | ($75,000) | ($75,000) | ($75,000) | ($75,000) | |
| 4910 | Lease Revenues | | h | ($260,000) | ($262,600) | ($265,226) | ($267,878) | ($270,557) | ($273,263) | |
| 4930 | Taxes & Assessments | | h | ($1,385,000) | ($1,398,850) | ($1,412,839) | ($1,426,967) | ($1,441,237) | ($1,455,649) | |
| 4980 | Transmission & Storage | | | ($75,000) | ($75,000) | ($75,000) | ($75,000) | ($75,000) | ($75,000) | |
| | Intertie Water Offset | | | $0 | ($1,270,920) | ($568,650) | $0 | $0 | $0 | |
| | **Subtotal, Revenue** | | | **($1,974,000)** | **($3,261,370)** | **($2,575,715)** | **($2,023,845)** | **($2,040,794)** | **($2,057,912)** | |
| **Other Transfers to/(from)** | | | | | | | | | | |
| | Transfer to/(from) Capital Improvement Fund | | | $3,318,364 | $2,478,190 | $2,478,190 | $2,478,190 | $2,478,190 | $2,478,190 | From Table 4 |
| | Transfer to/(from) Operating Fund | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 4 |
| | Transfer to/(from) Retirement Fund (GASB 45) | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 4 |
| | Transfer to/(from) Emergency Reserve | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 4 |
| | **Total Transfers** | | | **$3,318,364** | **$2,478,190** | **$2,478,190** | **$2,478,190** | **$2,478,190** | **$2,478,190** | |
| | *Annual Change* | | | | | *0.0%* | *0.0%* | *0.0%* | *0.0%* | |
| | **Net Revenue Requirement** | | | **$17,472,221** | **$16,001,316** | **$17,471,750** | **$18,626,603** | **$18,614,376** | **$19,674,438** | To Table 3 |
| | *Annual Change* | | | | *-8.4%* | *9.2%* | *6.6%* | *-0.1%* | *5.7%* | |
| | *Cumulative Change* | | | | *-8.4%* | *0.0%* | *6.6%* | *6.5%* | *12.6%* | |

**North Coast County Water District**
**Water Rate Study**
**3A. Rev Increase**

| | | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|
| **Rate Revenue @ Current Rates** | | | | | | | | |
| Revenue from Current Rates | | $14,785,108 | $14,785,108 | $14,796,267 | $14,807,427 | $14,818,586 | $14,829,745 | |
| Revenue Requirement | | $17,472,221 | $16,001,316 | $17,471,750 | $18,626,603 | $18,614,376 | $19,674,438 | |
| **Surplus/(Deficit)** | | ($2,687,113) | ($1,216,208) | ($2,675,483) | ($3,819,177) | ($3,795,790) | ($4,844,693) | |
| **Increase in Revenue from Rates** | | **0.0%** | **7.0%** | **6.0%** | **6.0%** | **6.0%** | **6.0%** | from Table 1A |
| Revenue from Current Rates | | $14,785,108 | $14,785,108 | $14,796,267 | $14,807,427 | $14,818,586 | $14,829,745 | |
| **Revenue from Rate Increases** | | | | | | | | |
| FY 2026-27 (eff. August 1, 2026) | 11 | | $948,711 | $1,035,739 | $1,036,520 | $1,037,301 | $1,038,082 | |
| FY 2027-28 (eff. July 1, 2027) | 12 | | | $949,920 | $950,637 | $951,353 | $952,070 | |
| FY 2028-29 (eff. July 1, 2028) | 12 | | | | $1,007,675 | $1,008,434 | $1,009,194 | |
| FY 2029-30 (eff. July 1, 2029) | 12 | | | | | $1,068,940 | $1,069,745 | |
| FY 2030-31 (eff. July 1, 2030) | 12 | | | | | | $1,133,930 | |
| Subtotal - Revenue from Rate Increases | | $0 | $948,711 | $1,985,659 | $2,994,832 | $4,066,029 | $5,203,021 | |
| **Total Rate Revenue** | | $14,785,108 | $15,733,819 | $16,781,926 | $17,802,258 | $18,884,615 | $20,032,767 | |
| Net Revenue Requirements | | ($17,472,221) | ($16,001,316) | ($17,471,750) | ($18,626,603) | ($18,614,376) | ($19,674,438) | |
| **Surplus/(Deficit) after Rate Increase** | | **($2,687,113)** | **($267,497)** | **($689,824)** | **($824,345)** | **$270,239** | **$358,329** | |

| | | |
|---|---|---|
| FY 2026-27 Revenue at 12 months of COS rates | $15,820,065 | |
| Revenue Requirement | ($16,001,316) | |
| Difference due to delayed increase | ($181,250) | *to Table 8* |

| | Growth Tbl 1B | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|
| **Supply and Distribution Revenues** | | | | | | | | |
| **Meter Accounts** | | | | | | | | |
| 5/8" | j | 11,242 | 11,242 | 11,269 | 11,296 | 11,323 | 11,350 | |
| 3/4" | j | 320 | 320 | 321 | 322 | 323 | 324 | |
| 1" | j | 682 | 682 | 684 | 686 | 688 | 690 | |
| 1.5" | j | 75 | 75 | 75 | 75 | 75 | 75 | |
| 2" | j | 88 | 88 | 88 | 88 | 88 | 88 | |
| 3" | j | 17 | 17 | 17 | 17 | 17 | 17 | |
| 4" | j | 6 | 6 | 6 | 6 | 6 | 6 | |
| 6" | j | 4 | 4 | 4 | 4 | 4 | 4 | |
| 8" | j | 1 | 1 | 1 | 1 | 1 | 1 | |
| **Bi-Monthly Supply and Distribution Charges** | | | | | | | | |
| 5/8" | | $60.18 | $60.18 | $60.18 | $60.18 | $60.18 | $60.18 | From Table 1A |
| 3/4" | | $66.26 | $66.26 | $66.26 | $66.26 | $66.26 | $66.26 | |
| 1" | | $84.39 | $84.39 | $84.39 | $84.39 | $84.39 | $84.39 | |
| 1.5" | | $108.46 | $108.46 | $108.46 | $108.46 | $108.46 | $108.46 | |
| 2" | | $175.18 | $175.18 | $175.18 | $175.18 | $175.18 | $175.18 | |
| 3" | | $662.52 | $662.52 | $662.52 | $662.52 | $662.52 | $662.52 | |
| 4" | | $843.45 | $843.45 | $843.45 | $843.45 | $843.45 | $843.45 | |
| 6" | | $1,265.21 | $1,265.21 | $1,265.21 | $1,265.21 | $1,265.21 | $1,265.21 | |
| 8" | | $1,747.17 | $1,747.17 | $1,747.17 | $1,747.17 | $1,747.17 | $1,747.17 | |
| **Annual Supply and Distribution Charge Revenue** | | | | | | | | |
| 5/8" | | $4,059,261 | $4,059,261 | $4,069,011 | $4,078,760 | $4,088,509 | $4,098,258 | |
| 3/4" | | $127,219 | $127,219 | $127,617 | $128,014 | $128,412 | $128,809 | |
| 1" | | $345,324 | $345,324 | $346,337 | $347,349 | $348,362 | $349,375 | |
| 1.5" | | $48,807 | $48,807 | $48,807 | $48,807 | $48,807 | $48,807 | |
| 2" | | $92,495 | $92,495 | $92,495 | $92,495 | $92,495 | $92,495 | |
| 3" | | $67,577 | $67,577 | $67,577 | $67,577 | $67,577 | $67,577 | |
| 4" | | $30,364 | $30,364 | $30,364 | $30,364 | $30,364 | $30,364 | |
| 6" | | $30,365 | $30,365 | $30,365 | $30,365 | $30,365 | $30,365 | |
| 8" | | $10,483 | $10,483 | $10,483 | $10,483 | $10,483 | $10,483 | |
| **Total Annual Supply and Distribution Charge Revenue** | | **$4,811,896** | **$4,811,896** | **$4,823,055** | **$4,834,215** | **$4,845,374** | **$4,856,533** | |
| **Water Usage Revenues** | | FY 2024-25 | | | | | | |
| **Single Family Residential Water Use** | | | | | | | | |
| 0-5 hcf | m | 305,357 | 305,357 | 305,357 | 305,357 | 305,357 | 305,357 | |
| 6-9 hcf | m | 163,323 | 163,323 | 163,323 | 163,323 | 163,323 | 163,323 | |
| 10-13 hcf | m | 86,232 | 86,232 | 86,232 | 86,232 | 86,232 | 86,232 | |
| Over 13 hcf | m | 79,387 | 79,387 | 79,387 | 79,387 | 79,387 | 79,387 | |

| | Growth Tbl 1B | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|
| **Single Family Residential Water Usage Charges** | | | | | | | | |
| 0-5 hcf | | $7.28 | $7.28 | $7.28 | $7.28 | $7.28 | $7.28 | From Table 1A |
| 6-9 hcf | | $10.77 | $10.77 | $10.77 | $10.77 | $10.77 | $10.77 | |
| 10-13 hcf | | $14.44 | $14.44 | $14.44 | $14.44 | $14.44 | $14.44 | |
| Over 13 hcf | | $17.67 | $17.67 | $17.67 | $17.67 | $17.67 | $17.67 | |
| **Annual Single Family Residential Water Usage Charges Revenue** | | | | | | | | |
| 0-5 hcf | | $2,222,999 | $2,222,999 | $2,222,999 | $2,222,999 | $2,222,999 | $2,222,999 | |
| 6-9 hcf | | $1,758,989 | $1,758,989 | $1,758,989 | $1,758,989 | $1,758,989 | $1,758,989 | |
| 10-13 hcf | | $1,245,190 | $1,245,190 | $1,245,190 | $1,245,190 | $1,245,190 | $1,245,190 | |
| Over 13 hcf | | $1,402,768 | $1,402,768 | $1,402,768 | $1,402,768 | $1,402,768 | $1,402,768 | |
| **Commercial/MU/Other Water Use** | n | 295,144 | 295,144 | 295,144 | 295,144 | 295,144 | 295,144 | |
| **Commercial/MU/Other Water Usage Charges** | | | | | | | | |
| Uniform Rate | | $10.06 | $10.06 | $10.06 | $10.06 | $10.06 | $10.06 | |
| **Annual Commercial/MU/Other Water Usage Charges Revenue** | | $2,969,149 | $2,969,149 | $2,969,149 | $2,969,149 | $2,969,149 | $2,969,149 | |
| **Irrigation Water Use** | p | 25,877 | 25,877 | 25,877 | 25,877 | 25,877 | 25,877 | |
| **Commercial/MU/Other Water Usage Charges** | | | | | | | | |
| Uniform Rate | | $10.06 | $10.06 | $10.06 | $10.06 | $10.06 | $10.06 | |
| **Annual Irrigation Water Usage Charges Revenue** | | $260,323 | $260,323 | $260,323 | $260,323 | $260,323 | $260,323 | |
| **Recycled Water Use** | o | 12,574 | 12,574 | 12,574 | 12,574 | 12,574 | 12,574 | |
| **Recyled Water Usage Charges** | | | | | | | | |
| Uniform Rate | | $9.05 | $9.05 | $9.05 | $9.05 | $9.05 | $9.05 | |
| **Annual Recycled Water Usage Charges Revenue** | | $113,795 | $113,795 | $113,795 | $113,795 | $113,795 | $113,795 | |
| **Total Annual Usage Charges Revenue** | | **$9,973,212** | **$9,973,212** | **$9,973,212** | **$9,973,212** | **$9,973,212** | **$9,973,212** | |
| **Total Annual Rate Revenue at Current Rates** | | **$14,785,108** | **$14,785,108** | **$14,796,267** | **$14,807,427** | **$14,818,586** | **$14,829,745** | |

**North Coast County Water District**
**Water Rate Study**
**4. Reserves**

| | Tbl 1B | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|---|---|
| ***Reserve Funds With Rate Increases*** | | | | | | | | | |
| **Operating Reserve** | | | | | | | | | |
| Beginning Balance | | | $7,481,298 | $4,985,952 | $4,860,009 | $4,253,589 | $3,497,829 | $3,843,429 | |
| Surplus/(Deficit) | | | ($2,687,113) | ($267,497) | ($689,824) | ($824,345) | $270,239 | $358,329 | From Table 3 |
| **Transfers (To)/From** | | | | | | | | | |
| Revenue Requirements | | | | | | | | | To Table 2 |
| Capital Improvement Fund | | | $0 | $0 | $0 | $0 | $0 | $0 | From Below |
| Bond Fund | | | $0 | $0 | $0 | $0 | $0 | $0 | From Below |
| Retirement Fund | | | $0 | $0 | $0 | $0 | $0 | $0 | From Below |
| Emergency Reserve | | | $0 | $0 | $0 | $0 | $0 | $0 | From Below |
| Subtotal | | | $4,794,185 | $4,718,455 | $4,170,185 | $3,429,244 | $3,768,067 | $4,201,757 | |
| Estimated Interest Earnings | g | | $191,767 | $141,554 | $83,404 | $68,585 | $75,361 | $84,035 | |
| **Ending Balance** | | **$7,481,298** | **$4,985,952** | **$4,860,009** | **$4,253,589** | **$3,497,829** | **$3,843,429** | **$4,285,792** | |
| *Minimum Balance (6 mo. operations)* | | | *$7,229,266* | *$7,555,598* | *$7,951,240* | *$8,252,126* | *$8,505,590* | *$9,043,580* | 6 months of operating expenses |
| **Capital Improvement Fund** | | | | | | | | | |
| Beginning Balance | | | $2,541,698 | $2,643,366 | $4,195,897 | $4,161,712 | $2,884,663 | $2,458,426 | |
| **Expenses** | | | | | | | | | |
| PAYGo-Funded Projects | | | ($3,318,364) | ($1,047,870) | ($2,593,977) | ($3,811,801) | ($2,952,631) | ($1,984,671) | From Table 5 |
| **Transfers (To)/From** | | | | | | | | | |
| Revenue Requirements | | | $3,318,364 | $2,478,190 | $2,478,190 | $2,478,190 | $2,478,190 | $2,478,190 | To Table 2 |
| Operating Reserve | | | $0 | $0 | $0 | $0 | $0 | $0 | To Above |
| Subtotal | | | $2,541,698 | $4,073,686 | $4,080,110 | $2,828,101 | $2,410,222 | $2,951,945 | |
| Estimated Interest Earnings | g | | $101,668 | $122,211 | $81,602 | $56,562 | $48,204 | $59,039 | |
| **Ending Balance** | | **$2,541,698** | **$2,643,366** | **$4,195,897** | **$4,161,712** | **$2,884,663** | **$2,458,426** | **$3,010,984** | |
| *Target Balance* | *k* | | *3,327,248* | *$2,397,527* | *$2,620,581* | *$3,059,566* | *$3,319,050* | *$3,241,096* | Combined sum of the 5-year average of previous CIP + 3 mo's budgeted ( |
| **Debt Reserve Fund** | | | | | | | | | |
| Beginning Balance | | | $2,002,320 | $2,082,413 | $2,144,885 | $2,187,783 | $2,231,539 | $2,276,169 | |
| **Expenses** | | | | | | | | | |
| Bond Funded Projects | | | $0 | $0 | $0 | $0 | $0 | $0 | From Table 5 |
| **Transfer (To)/From Operating Reserve** | | | $0 | $0 | $0 | $0 | $0 | $0 | To Above |
| Subtotal | | | $2,002,320 | $2,082,413 | $2,144,885 | $2,187,783 | $2,231,539 | $2,276,169 | |
| Estimated Interest Earnings | g | | $80,093 | $62,472 | $42,898 | $43,756 | $44,631 | $45,523 | |
| **Ending Balance** | | **$2,002,320** | $2,082,413 | $2,144,885 | $2,187,783 | $2,231,539 | $2,276,169 | $2,321,693 | |
| *Target Balance (1.2 x 1 yr debt service pymt)* | | $524,575 | $2,003,190 | $2,007,960 | $2,000,153 | $2,001,607 | $1,398,960 | $1,400,400 | |
| **Emergency Fund** | | | | | | | | | |
| Beginning Balance | | | $3,556,075 | $3,698,318 | $3,809,268 | $3,885,453 | $3,963,162 | $4,042,425 | |
| **Transfers (To)/From** | | | | | | | | | |
| Revenue Requirements | | | $0 | $0 | $0 | $0 | $0 | $0 | To Ta |
| g Reserve | | | $0 | $0 | $0 | $0 | $0 | $0 | To Above |
| Subtotal | | | $3,556,075 | $3,698,318 | $3,809,268 | $3,885,453 | $3,963,162 | $4,042,425 | |
| Estimated Interest Earnings | g | | $142,243 | $110,950 | $76,185 | $77,709 | $79,263 | $80,849 | |
| **Ending Balance** | | **$3,556,075** | $3,698,318 | $3,809,268 | $3,885,453 | $3,963,162 | $4,042,425 | $4,123,274 | |
| *Target Balance (3 mo. operations)* | | | *$3,614,633* | *$3,777,799* | *$3,975,620* | *$4,126,063* | *$4,252,795* | *$4,521,790* | |
| **Retirement Fund (OPEB)** | | | | | | | | | |
| Beginning Balance | | | $285,000 | $296,400 | $305,292 | $311,398 | $317,626 | $323,978 | |
| **Transfers (To)/From** | | | | | | | | | |
| Revenue Requirements | | | $0 | $0 | $0 | $0 | $0 | $0 | To Table 2 |
| Operating Reserve | | | $0 | $0 | $0 | $0 | $0 | $0 | To Above |
| Subtotal | | | $285,000 | $296,400 | $305,292 | $311,398 | $317,626 | $323,978 | |
| Estimated Interest Earnings | g | | $11,400 | $8,892 | $6,106 | $6,228 | $6,353 | $6,480 | |
| **Ending Balance** | | **$285,000** | $296,400 | $305,292 | $311,398 | $317,626 | $323,978 | $330,458 | |
| *Target Balance* | | | *$315,000* | *$315,000* | *$315,000* | *$315,000* | *$315,000* | *$315,000* | Per Board policy of annual amount approved. |
| Estimated Interest Revenue | | | $384,928 | $335,129 | $214,009 | $175,131 | $174,549 | $195,077 | To Table 6 |

| | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | |
|---|---|---|---|---|---|---|---|---|
| ***Total Reserves Without Increase*** | *$15,581,391* | *$13,658,507* | *$14,251,580* | *$11,689,516* | *$6,720,983* | *$2,629,203* | *($1,530,081)* | |
| ***Total Reserves with Increase*** | *$15,581,391* | *$13,706,449* | *$15,315,350* | *$14,799,935* | *$12,894,818* | *$12,944,428* | *$14,072,201* | |
| ***Minimum Balance*** | *$9,232,456* | *$9,232,456* | *$9,563,558* | *$9,951,393* | *$10,253,734* | *$9,904,550* | *$10,443,980* | *Op + Bond Reserve* |
| ***Target Balance*** | *$16,489,337* | *$16,489,337* | *$16,053,884* | *$16,862,594* | *$17,754,362* | *$17,791,395* | *$18,521,866* | *Minimum + OPEB + Capital Reserve + Emergency* |

**North Coast County Water District**
**Water Rate Study**
**5. CIP**

| Project Name | Account No. | Project Type | Budgeted FY 2025-26 | Projected FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Allocation Facto | Funding Source |
|---|---|---|---|---|---|---|---|---|---|---|
| 21" Transmission Main Pipeline Project | 1117-130 | Potable Piping Improvements | | $50,000 | $100,000 | $0 | $0 | $0 | Max Hour | PAYGo |
| Emergency Pipeline Repairs | 1117-145 | Potable Piping Improvements | $100,000 | $100,000 | $100,000 | $100,000 | $100,000 | $100,000 | Services | PAYGo |
| Loop at Everglades Dr. Pipeline Replacement | 1117-149 | Potable Piping Improvements | $714,364 | | | | | | Max Hour | PAYGo |
| Pressure Zone 1 Transmission Line Evaluation | 1117-149 | Potable Piping Improvements | $0 | | $100,000 | | | | Max Hour | PAYGo |
| Annual Pipeline CIP | | | | $300,000 | $300,000 | $1,000,000 | $1,000,000 | $1,000,000 | Max Hour | PAYGo |
| Vehicle Replacement - Pickup Trucks | 1118-122B | Miscellaneous Projects | $215,000 | $55,000 | $120,000 | $400,000 | $55,000 | $55,000 | Services | PAYGo |
| Automated Metering Infrastructure Upgrade | 1118-135 | Miscellaneous Projects | $700,000 | | | | | | Capacity | PAYGo |
| Water System Hydraulic Model Update & Integration with GIS | 1118-160 | Miscellaneous Projects | $120,000 | $20,000 | $20,000 | $20,000 | $50,000 | $20,000 | Services | PAYGo |
| Sheila Tank - Construction | 1117-135 | Potable Storage Tank/Reservoir Projects | $955,000 | | | | | | Max Day | PAYGo |
| Fassler Tank - Design / Construction | 1117-137 | Reservoir Construction Projects | $150,000 | $50,000 | $100,000 | $500,000 | $0 | | Max Day | PAYGo |
| Christen Hill Tank Exterior Painting Project | 1117-134 | Potable Storage Tank/Reservoir Projects | $0 | $0 | | | | $0 | Max Day | PAYGo |
| Park Pacifica Tank and Pump Station Upgrades | 1117-118A | Potable Storage Tank/Reservoir Projects | $150,000 | $0 | $100,000 | $0 | | | Max Day | PAYGo |
| Second Royce Tank Design and Construction | | Potable Storage Tank/Reservoir Projects | | | | $0 | $0 | $340,000 | Max Day | PAYGo |
| Tank Recoating (Hickey, Tapis, Vallemar) | | Potable Storage Tank/Reservoir Projects | | $150,000 | $1,200,000 | $0 | $0 | | Services | PAYGo |
| Tank Recoating (Hickey, Tapis, Vallemar) | | Potable Storage Tank/Reservoir Projects | | | $0 | $1,200,000 | $1,200,000 | $0 | Services | PAYGo |
| Reservoir Site Paving Project (Annual) | 1117-112 | Annual Projects | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | Max Hour | PAYGo |
| Reservoir Fence Maintenance (Annual) | 1117-113 | Annual Projects | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | Max Hour | PAYGo |
| Annual Valve Exercise Program | 1117-145 | Annual Projects | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | Services | PAYGo |
| Annual Flushing & Dead-end Blow Off Project | 1117-145 | Annual Projects | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | Services | PAYGo |
| Easement Protection(Annual Program) | 1117-165 | Annual Projects | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | Services | PAYGo |
| Meter Replacement Program | 1117-169 | Annual Projects | $5,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | Capacity | PAYGo |
| Fire Hydrant Replacement Project | 1117-170 | Annual Projects | $50,000 | $40,000 | $40,000 | $40,000 | $40,000 | $40,000 | Services | PAYGo |
| Pressure Regulator Station Upgrades | 1117-183B | Annual Projects | $10,000 | $40,000 | $40,000 | $40,000 | $40,000 | $40,000 | Max Day | PAYGo |
| Francisco Headquarters Upgrade | 1118-112B | Building Project | $3,580,000 | | | | | | Services | Existing Bond |
| Computer Upgrades/SCADA, Office | 1118-172B | Building Project | $20,000 | $70,000 | $70,000 | $15,000 | $15,000 | $15,000 | Services | PAYGo |
| Recycled Water | 1116-201B | Recycled Water Project | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | $10,000 | Max Day | PAYGo |
| San Pedro Creek Feasibility Study | 1116-610A | Water Availability Study | $50,000 | $50,000 | $50,000 | $50,000 | | | Average Day | PAYGo |
| Equipment (Fog Collectors) | 1118-130 | Water Availability Study | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | | Average Day | PAYGo |
| Placeholder | | | | $0 | $0 | $0 | $0 | $0 | | PAYGo |
| Total | | | **$6,898,364** | **$1,014,000** | **$2,429,000** | **$3,454,000** | **$2,589,000** | **$1,684,000** | | |
| | | Construction Cost Inflation | 1.00 | 1.03 | 1.07 | 1.10 | 1.14 | 1.18 | | |
| | | **Escalated Capital Total** | **$6,898,364** | **$1,047,870** | **$2,593,977** | **$3,811,801** | **$2,952,631** | **$1,984,671** | | |

| Escalated Project Totals | | | | | | | |
|---|---|---|---|---|---|---|---|
| PAYGo | $3,318,364 | $1,047,870 | $2,593,977 | $3,811,801 | $2,952,631 | $1,984,671 | $15,709,313 |
| Existing Bond | $3,580,000 | $0 | $0 | $0 | $0 | $0 | $3,580,000 |
| **Grand Total** | **$6,898,364** | **$1,047,870** | **$2,593,977** | **$3,811,801** | **$2,952,631** | **$1,984,671** | **$19,289,313** |
| *check* | *$0* | *$0* | *$0* | *$0* | *$0* | *$0* | |

**Escalated values shown**

| **Total by Allocation category** | **FY 2025-26** | **FY 2026-27** | **FY 2027-28** | **FY 2028-29** | **FY 2029-30** | **FY 2030-31** | **5-Year Total** |
|---|---|---|---|---|---|---|---|
| Base Day | | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |
| Average Day | | **$67,171** | **$69,415** | **$71,733** | **$17,107** | **$0** | **$225,426** |
| Max Day | | **$103,340** | **$266,980** | **$606,975** | **$57,023** | **$459,633** | **$1,493,950** |
| Max Hour | | **$386,492** | **$559,590** | **$1,130,076** | **$1,167,823** | **$1,206,831** | **$4,450,813** |
| Max Hour Only | | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |
| Services | | **$480,532** | **$1,687,313** | **$1,991,980** | **$1,699,274** | **$306,422** | **$6,165,521** |
| Capacity | | **$10,334** | **$10,679** | **$11,036** | **$11,405** | **$11,785** | **$55,239** |
| | | **$1,047,870** | **$2,593,977** | **$3,811,801** | **$2,952,631** | **$1,984,671** | **$12,390,949** |

**North Coast County Water District**
**Water Rate Study**
**6. Debt Service**

| | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | Notes |
|---|---|---|---|---|---|---|---|
| **CSCDA Pooled Revenue and Bond Program Series 2012C (matures 10/2028)** | | | | | | | |
| Principal | $460,000 | $475,000 | $485,000 | $505,000 | $0 | $0 | |
| Interest | $53,325 | $39,300 | $24,294 | $8,206 | $0 | $0 | |
| | $513,325 | $514,300 | $509,294 | $513,206 | $0 | $0 | To Table 2 |
| **2021 Certificates of Participation** | | | | | | | |
| Principal | $400,000 | $420,000 | $435,000 | $450,000 | $470,000 | $490,000 | |
| Interest | $756,000 | $739,000 | $722,500 | $704,800 | $695,800 | $677,000 | |
| | $1,156,000 | $1,159,000 | $1,157,500 | $1,154,800 | $1,165,800 | $1,167,000 | To Table 2 |
| **Total Debt Service** | **$1,669,325** | **$1,673,300** | **$1,666,794** | **$1,668,006** | **$1,165,800** | **$1,167,000** | **To below** |
| **Debt Coverage** | | | | | | | |
| Revenue | | | | | | | |
| Water Service & Volumetric Charges | $14,785,108 | $15,733,819 | $16,781,926 | $17,802,258 | $18,884,615 | $20,032,767 | From Table 3 |
| Fire Standby | $63,000 | $63,000 | $63,000 | $63,000 | $63,000 | $63,000 | From Table 3 |
| Water Connections | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | From Table 3 |
| Renewal of Service | $21,000 | $21,000 | $21,000 | $21,000 | $21,000 | $21,000 | From Table 3 |
| Late Charges | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | From Table 3 |
| Lease Revenues | $260,000 | $262,600 | $265,226 | $267,878 | $270,557 | $273,263 | From Table 3 |
| Taxes & Assessments | $1,385,000 | $1,398,850 | $1,412,839 | $1,426,967 | $1,441,237 | $1,455,649 | From Table 3 |
| Miscellaneous Revenues | $75,000 | $75,000 | $75,000 | $75,000 | $75,000 | $75,000 | From Table 3 |
| Storage & Transmission | $75,000 | $75,000 | $75,000 | $75,000 | $75,000 | $75,000 | From Table 4 |
| Estimated Interest Earnings | $384,928 | $335,129 | $214,009 | $175,131 | $174,549 | $195,077 | From Table 4 |
| Total Revenue | $17,144,036 | $18,059,397 | $19,003,000 | $20,001,234 | $21,099,958 | $22,285,755 | |
| Expenses | | | | | | | |
| SFPUC Water Purchases | $6,351,032 | $6,914,331 | $7,400,945 | $7,642,703 | $7,813,408 | $8,158,420 | From Table 2 |
| Salaries & Benefits | $3,963,500 | $4,095,985 | $4,233,662 | $4,376,797 | $4,525,670 | $4,680,586 | From Table 2 |
| O & M | $1,567,500 | $1,622,825 | $1,680,225 | $1,739,782 | $1,801,584 | $1,865,720 | From Table 2 |
| Pension /Health/GASB 45 Benefits | $1,224,000 | $1,309,680 | $1,401,358 | $1,499,453 | $1,604,414 | $1,716,723 | From Table 2 |
| Non-Operating Expenditures | $1,352,500 | $1,168,375 | $1,186,291 | $1,245,518 | $1,266,104 | $1,665,710 | From Table 2 |
| Total Expenses | $14,458,532 | $15,111,196 | $15,902,481 | $16,504,253 | $17,011,180 | $18,087,160 | |
| **Net Operating Cash Flow** | **$2,685,504** | **$2,948,202** | **$3,100,520** | **$3,496,981** | **$4,088,778** | **$4,198,595** | |
| **Debt Service** | **$1,669,325** | **$1,673,300** | **$1,666,794** | **$1,668,006** | **$1,165,800** | **$1,167,000** | **From Above** |
| Coverage Ratio | 1.61 | 1.76 | 1.86 | 2.10 | 3.51 | 3.60 | Minimum 1.20x |

**North Coast County Water District**
**Water Rate Study**
**7. Load Factors**

**FACTORS**

| | Base Non-Seasonal Day | Average Day | Maximum Day | Maximum Hour |
|---|---|---|---|---|
| **Flow (HCF/Day)** | | | | |
| Residential | 1,633 | 1,738 | 2,360 | 3,635 |
| Non-Residential | 756 | 809 | 1,097 | 1,689 |
| Irrigation | 13 | 71 | 153 | 236 |
| Recycled Water | 3 | 34 | 92 | 142 |
| Total | 2,406 | 2,652 | 3,702 | 5,702 |
| **Load Factors** | | | | |
| **Ratio of Flows to Average Day** | | | | |
| Residential | 0.94 | 1.00 | 1.36 | 2.09 |
| Non-Residential | 0.93 | 1.00 | 1.36 | 2.09 |
| Irrigation | 0.19 | 1.00 | 2.16 | 3.32 |
| Recycled Water | 0.10 | 1.00 | 2.68 | 4.13 |
| Total | 0.91 | 1.00 | 1.40 | 2.15 |
| **Ratio of Flows to Base Non-Seasonal Day** | | | | |
| Residential | 1.00 | 1.06 | 1.45 | 2.23 |
| Commercial[1] | 1.00 | 1.07 | 1.45 | 2.23 |
| Irrigation | 1.00 | 5.30 | 11.43 | 17.60 |
| Recycled Water | 1.00 | 10.27 | 27.53 | 42.39 |
| Total | 1.00 | 1.10 | 1.54 | 2.37 |

| **FY 2024-25 water use** | Total | Non-Seasonal | Seasonal | Max. Bill Period | Max Summer Bill |
|---|---|---|---|---|---|
| **Total Water** | 967,973 | 878,034 | 89,939 | 179,095 | 2,936 |
| Residential | 634,299 | 596,046 | 38,253 | 114,171 | 1,872 |
| Commercial | 295,223 | 275,880 | 19,343 | 53,060 | 870 |
| Irrigation | 25,877 | 4,884 | 20,993 | 7,399 | 121 |
| Recycled Water | 12,574 | 1,224 | 11,350 | 4,465 | 73 |

| **Peak Day vs. Avg. Day** | |
|---|---|
| Residential | 1.08 |
| Non-Resi | 1.08 |
| Irrigation | 1.71 |
| Rec. Water | 2.12 |
| **Total** | 1.11 |

**Note**
Maximum Day:Avg Day ratio calculated using District SCADA data - average of CY 2024, 2025
Max Hour :Max Day ratio calculated District SCADA data - average of CY 2024 and 2025 data

**North Coast County Water District**
**Water Rate Study**
**7. Load Factors**

| | Base Day | Avg. Day | Max. Day | Max. Hour | |
|---|---|---|---|---|---|
| **Residential Load Factors** | **1.00** | **1.06** | **1.45** | **2.23** | |
| Base (Non-seasonal Avg) | 100.0% | | | | 100.0% |
| Avg Day | 94.0% | 6.0% | | | 100.0% |
| Max Day | 69.2% | 4.4% | 26.4% | | 100.0% |
| Max Hour | 44.9% | 2.9% | 17.1% | 35.1% | 100.0% |
| **Commercial Load Factors** | **1.00** | **1.07** | **1.45** | **2.23** | |
| Base (Non-seasonal Avg) | 100.0% | | | | 100.0% |
| Avg Day | 93.4% | 6.6% | | | 100.0% |
| Max Day | 68.9% | 4.8% | 26.3% | | 100.0% |
| Max Hour | 44.7% | 3.1% | 17.1% | 35.1% | 100.0% |
| **Irrigation Load Factors** | **1.00** | **5.30** | **11.43** | **17.60** | |
| Base (Non-seasonal Avg) | 100.0% | | | | 100.0% |
| Avg Day | 18.9% | 81.1% | | | 100.0% |
| Max Day | 8.7% | 37.6% | 53.7% | | 100.0% |
| Max Hour | 5.7% | 24.4% | 34.8% | 35.1% | 100.0% |
| **Recycled Water Load Factors** | **1.00** | **10.27** | **27.53** | **42.39** | |
| Base (Non-seasonal Avg) | 100.0% | | | | 100.0% |
| Avg Day | 9.7% | 90.3% | | | 100.0% |
| Max Day | 3.6% | 33.7% | 62.7% | | 100.0% |
| Max Hour | 2.4% | 21.9% | 40.7% | 35.1% | 100.0% |
| **Total Load Factors** | **1.00** | **1.10** | **1.54** | **2.37** | |
| Base (Non-seasonal Avg) | 100.0% | | | | 100.0% |
| Avg Day | 90.7% | 9.3% | | | 100.0% |
| Max Day | 65.0% | 6.7% | 28.4% | | 100.0% |
| Max Hour | 42.2% | 4.3% | 18.4% | 35.1% | 100.0% |

| **Flow Per Account (HCF bimonthly)** | | | | | Accounts |
|---|---|---|---|---|---|
| | Base Day | Avg. Day | Max. Day | Max. Hour | |
| **Residential** | 9 | 9 | 12 | 13+ | 11,524 |
| **Commercial** | 56 | 60 | 82 | 83+ | 807 |
| **Irrigation** | 8 | 43 | 94 | 95+ | 98 |
| **Recycled Water** | 34 | 344 | 923 | 924+ | 6 |

| System-Wide Cost Allocation Factors | Demand Services: Base | Average Day | Maximum Day | Maximum Hour | Customer Services: Customer Accounts | Customer Capacity | Total | Notes |
|---|---|---|---|---|---|---|---|---|
| **Volumetric Allocations** | | | | | | | | |
| Base Day | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Average Day | 90.7% | 9.3% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Max Day | 65.0% | 6.7% | 28.4% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Max Hour | 42.2% | 4.3% | 18.4% | 35.1% | 0.0% | 0.0% | 100.0% | |
| Max Hour Only | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% | |
| Services | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 0.0% | 100.0% | |
| Capacity | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | |
| Plant & Distribution Composite | 77.7% | 8.0% | 5.8% | 8.1% | 0.0% | 0.5% | 100.0% | |
| CIP Composite | 24.6% | 2.5% | 10.0% | 12.6% | 49.8% | 0.4% | 100.0% | From Table 5 |
| O&M & Capital Composite | 56.9% | 5.8% | 5.7% | 7.6% | 20.1% | 3.8% | 100.0% | |

| | FY 2026-27 Estimated Budget | Allocation Factor | Demand Functions: Base Day | Average Day | Maximum Day | Maximum Hour | Service Functions: Customer Accounts | Customer Capacity |
|---|---|---|---|---|---|---|---|---|
| **O&M Expenses** | | | | | | | | |
| 110- Plant | | | | | | | | |
| Salaries & Benefits | $392,430 | Average Day | $355,967 | $36,463 | $0 | $0 | $0 | $0 |
| SFPUC Purchased Water | | | | | | | | |
| Quantity Charge | $6,368,785 | Average Day | $5,777,031 | $591,754 | $0 | $0 | $0 | $0 |
| Service Charge | $47,895 | Capacity | $0 | $0 | $0 | $0 | $0 | $47,895 |
| Utilities | $367,500 | Max Day | $238,774 | $24,458 | $104,267 | $0 | $0 | $0 |
| Supplies & Equipment | $174,070 | Max Day | $113,098 | $11,585 | $49,387 | $0 | $0 | $0 |
| Fees | $139,050 | Average Day | $126,130 | $12,920 | $0 | $0 | $0 | $0 |
| 120 - Distribution | | | | | | | | |
| Salaries & Benefits | $1,895,715 | Max Hour | $799,802 | $81,926 | $349,256 | $664,731 | $0 | $0 |
| Utilities | $68,250 | Max Hour | $28,795 | $2,950 | $12,574 | $23,932 | $0 | $0 |
| Supplies & Equipment | $284,280 | Max Hour | $119,938 | $12,285 | $52,374 | $99,683 | $0 | $0 |
| Recycle Water Ops. | $8,240 | Max Hour | $3,476 | $356 | $1,518 | $2,889 | $0 | $0 |
| Fees | $61,800 | Average Day | $56,058 | $5,742 | $0 | $0 | $0 | $0 |
| | $9,808,015 | | $7,619,070 | $780,438 | $569,377 | $791,235 | $0 | $47,895 |
| | *100%* | *Plant & Distribution Composite* | *78%* | *8%* | *6%* | *8%* | *0%* | *0%* |
| **Capital Expenses** | | | | | | | | |
| BAWSCA Surcharge | $497,651 | Capacity | $0 | $0 | $0 | $0 | $0 | $497,651 |
| PAYGo Projects | $2,478,190 | CIP Composite | $610,587 | $62,544 | $248,772 | $312,135 | $1,233,104 | $11,048 |
| Existing Debt Service | $1,673,300 | Services | $0 | $0 | $0 | $0 | $1,673,300 | $0 |
| **Subtotal - Capital Expenses** | $4,649,141 | | $610,587 | $62,544 | $248,772 | $312,135 | $2,906,404 | $508,698 |
| **Subtotal - O&M and Capital** | **$14,457,156** | | **$8,229,657** | **$842,982** | **$818,148** | **$1,103,370** | **$2,906,404** | **$556,593** |
| | *100%* | *O&M & Capital Composite* | *56.9%* | *5.8%* | *5.7%* | *7.6%* | *20.1%* | *3.8%* |
| 130 - Admin | | | | | | | | |
| Salaries & Benefits | $3,117,520 | O&M & Capital Composite | $1,774,631 | $181,779 | $176,424 | $237,929 | $626,733 | $120,023 |
| Utilities | $20,600 | O&M & Capital Composite | $11,726 | $1,201 | $1,166 | $1,572 | $4,141 | $793 |
| Supplies & Equipment | $263,680 | O&M & Capital Composite | $150,098 | $15,375 | $14,922 | $20,124 | $53,009 | $10,152 |
| Fees | $206,000 | O&M & Capital Composite | $117,264 | $12,012 | $11,658 | $15,722 | $41,413 | $7,931 |
| Rebate program | $49,955 | O&M & Capital Composite | $28,437 | $2,913 | $2,827 | $3,813 | $10,043 | $1,923 |
| General & Administrative | $1,147,775 | O&M & Capital Composite | $653,365 | $66,926 | $64,954 | $87,598 | $230,744 | $44,189 |
| | $4,805,530 | | $2,735,522 | $280,206 | $271,951 | $366,758 | $966,083 | $185,011 |
| **Subtotal - O&M and Capital** | **$19,262,686** | | **$10,965,179** | **$1,123,188** | **$1,090,099** | **$1,470,128** | **$3,872,487** | **$741,604** |
| **Non-Operating Revenue** | | | | | | | | |
| Fire Standby | ($63,000) | Services | $0 | $0 | $0 | $0 | ($63,000) | $0 |
| Water Connections | ($25,000) | Services | $0 | $0 | $0 | $0 | ($25,000) | $0 |
| Renewal of Service | ($21,000) | Services | $0 | $0 | $0 | $0 | ($21,000) | $0 |
| Late Charges | ($70,000) | O&M & Capital Composite | ($39,847) | ($4,082) | ($3,961) | ($5,342) | ($14,072) | ($2,695) |
| Miscellaneous Revenues | ($75,000) | O&M & Capital Composite | ($42,693) | ($4,373) | ($4,244) | ($5,724) | ($15,078) | ($2,887) |
| Lease Revenues | ($262,600) | O&M & Capital Composite | ($149,484) | ($15,312) | ($14,861) | ($20,042) | ($52,792) | ($10,110) |
| Taxes & Assessments | ($1,398,850) | O&M & Capital Composite | ($796,288) | ($81,566) | ($79,163) | ($106,760) | ($281,219) | ($53,855) |
| Transmission & Storage | ($75,000) | O&M & Capital Composite | ($42,693) | ($4,373) | ($4,244) | ($5,724) | ($15,078) | ($2,887) |
| Intertie Water Offset | ($1,270,920) | Base Day | ($1,270,920) | $0 | $0 | $0 | $0 | $0 |
| | ($3,261,370) | | ($2,341,925) | ($109,705) | ($106,474) | ($143,592) | ($487,239) | ($72,435) |
| **Transfer to/(from) Reserves** | ($181,250) | O&M & Capital Composite | ($103,176) | ($10,569) | ($10,257) | ($13,833) | ($36,438) | ($6,978) |
| **Total Revenue Requirement** | **$15,820,065** | | **$8,520,078** | **$1,002,914** | **$973,368** | **$1,312,703** | **$3,348,811** | **$662,191** |
| | | | | | | $11,809,063 | | $4,011,002 |
| | | | | | *Volumetric COS* | *75%* | *Service COS* | *25%* |

**Services and EMU Summary**

| Applicable Service Size | Commercial | Residential | Irrigation | Public | Multi Unit | Portable Meter | Recycled Water | Services | Meter Ratings (gpm) | Capacity Multiplier | EMUs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | a | b | c = b ÷ 20 | d = a x c |
| 5/8" Meters | 266 | 10,736 | 50 | 31 | 151 | 8 | 0 | 11,242 | 20 | 1.00 | 11,242 |
| 3/4" Meters | 13 | 248 | 4 | 2 | 53 | 0 | 0 | 320 | 30 | 1.50 | 480 |
| 1" Meters | 54 | 537 | 15 | 18 | 57 | 0 | 1 | 682 | 50 | 2.50 | 1,705 |
| 1.5" Meters | 24 | 1 | 11 | 8 | 31 | 0 | 0 | 75 | 100 | 5.00 | 375 |
| 2" Meters | 22 | 2 | 17 | 22 | 23 | 0 | 2 | 88 | 160 | 8.00 | 704 |
| 3" Meters | 1 | 0 | 0 | 0 | 6 | 10 | 0 | 17 | 435 | 21.75 | 370 |
| 4" Meters | 0 | 0 | 1 | 1 | 1 | 0 | 3 | 6 | 750 | 37.50 | 225 |
| 6" Meters | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 4 | 1,600 | 80.00 | 320 |
| 8" Meters | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 2,800 | 140.00 | 140 |
| 10" Meters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,200 | 210.00 | 0 |
| 12" Meters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,300 | 265.00 | 0 |
| **Total Accounts/DUs** | **380** | **11,524** | **98** | **87** | **322** | **18** | **6** | **12,435** | | **Total EMUs** | **15,561** |

| | | | |
|---|---|---|---|
| **Customer + Public Fire Protection Units Costs** | **$3,348,811** | **Units Costs** | **$662,191** |
| Total Services | 12,435 | EMUs | $15,561 |
| per Service/DU | **$269.31** | per EMU | **$42.56** |
| **Bi-monthly** | **$44.88** | **Bi-monthly** | **$7.09** |

**Service Charge Component Calculation** FY 2025-26

| Applicable Service Size | % of Meters | Service Component ($/bill) | Capacity Component $/EMU | Capacity Multiplier | Capacity Total | COS Service Charges ($/bill) | Total Current Charge | $ Difference | % Difference |
|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d = b x c | e = a + d | g | h = e - f | |
| 5/8" Meters | 90.4% | $44.88 | $7.09 | 1.00 | $7.09 | **$51.98** | $60.18 | ($8.20) | -13.6% |
| 3/4" Meters | 2.6% | $44.88 | $7.09 | 1.50 | $10.64 | **$55.52** | $66.26 | ($10.74) | -16.2% |
| 1" Meters | 5.5% | $44.88 | $7.09 | 2.50 | $17.73 | **$62.62** | $84.39 | ($21.77) | -25.8% |
| 1.5" Meters | 0.6% | $44.88 | $7.09 | 5.00 | $35.46 | **$80.35** | $108.46 | ($28.11) | -25.9% |
| 2" Meters | 0.7% | $44.88 | $7.09 | 8.00 | $56.74 | **$101.62** | $175.18 | ($73.56) | -42.0% |
| 3" Meters | 0.1% | $44.88 | $7.09 | 21.75 | $154.26 | **$199.15** | $662.52 | ($463.37) | -69.9% |
| 4" Meters | 0.0% | $44.88 | $7.09 | 37.50 | $265.97 | **$310.85** | $843.45 | ($532.60) | -63.1% |
| 6" Meters | 0.0% | $44.88 | $7.09 | 80.00 | $567.40 | **$612.29** | $1,265.21 | ($652.92) | -51.6% |
| 8" Meters | 0.0% | $44.88 | $7.09 | 140.00 | $992.96 | **$1,037.84** | $1,747.17 | ($709.33) | -40.6% |
| 10" Meters | 0.0% | $44.88 | $7.09 | 210.00 | $1,489.43 | **$1,534.32** | $2,349.76 | ($815.44) | -34.7% |
| 12" Meters | 0.0% | $44.88 | $7.09 | 265.00 | $1,879.52 | **$1,924.41** | $2,952.35 | ($1,027.94) | -34.8% |
| | | | | Total EMUs | | | | | |

**Bi-Monthly Supply and Distribution Charges**

| | |
|---|---|
| 5/8" | $60.18 |
| 3/4" | $66.26 |
| 1" | $84.39 |
| 1.5" | $108.46 |
| 2" | $175.18 |
| 3" | $662.52 |
| 4" | $843.45 |
| 6" | $1,265.21 |
| 8" | $1,747.17 |

COS Revenue

| Applicable Service Size | Commercial Services | Annual Revenue | Residential Services | Annual Revenue | Irrigation Accounts | Annual Revenue | Public Services | Annual Revenue | Multi Unit Services | Annual Revenue | Portable Services | Annual Revenue | Rec. Wat Services | Annual Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5/8" Meters | 266 | $82,955 | 10,736 | $3,348,134 | 50 | $15,593 | 31 | $9,668 | 151 | $47,091 | 8 | $2,495 | 0 | $0 |
| 3/4" Meters | 13 | $4,331 | 248 | $82,618 | 4 | $1,333 | 2 | $666 | 53 | $17,656 | 0 | $0 | 0 | $0 |
| 1" Meters | 54 | $20,287 | 537 | $201,747 | 15 | $5,635 | 18 | $6,762 | 57 | $21,415 | 0 | $0 | 1 | $376 |
| 1.5" Meters | 24 | $11,570 | 1 | $482 | 11 | $5,303 | 8 | $3,857 | 31 | $14,945 | 0 | $0 | 0 | $0 |
| 2" Meters | 22 | $13,414 | 2 | $1,219 | 17 | $10,366 | 22 | $13,414 | 23 | $14,024 | 0 | $0 | 2 | $1,219 |
| 3" Meters | 1 | $1,195 | 0 | $0 | 0 | $0 | 0 | $0 | 6 | $7,169 | 10 | $11,949 | 0 | $0 |
| 4" Meters | 0 | $0 | 0 | $0 | 1 | $1,865 | 1 | $1,865 | 1 | $1,865 | 0 | $0 | 3 | $5,595 |
| 6" Meters | 0 | $0 | 0 | $0 | 0 | $0 | 4 | $14,695 | 0 | $0 | 0 | $0 | 0 | $0 |
| 8" Meters | 0 | $0 | 0 | $0 | 0 | $0 | 1 | $6,227 | 0 | $0 | 0 | $0 | 0 | $0 |
| 10" Meters | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 |
| 12" Meters | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 | 0 | $0 |
| | | $133,752 | | $3,634,201 | | $40,095 | | $57,155 | | $124,165 | | $14,444 | | $7,191 |

**Current Revenue**
**FY 25-26 Current Revenue**

| Applicable Service Size | Commercial Services | Annual Revenue | Residential Services | Annual Revenue | Irrigation Accounts | Annual Revenue | Public Services | Annual Revenue | Multi Unit Services | Annual Revenue | Portable Services | Annual Revenue | Rec. Wat Services | Annual Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5/8" Meters | 266 | $96,047 | 10,736 | $3,876,555 | 50 | $18,054 | 31 | $11,193 | 151 | $54,523 | 8 | $2,889 | 0 | $0 |
| 3/4" Meters | 13 | $5,168 | 248 | $98,595 | 4 | $1,590 | 2 | $795 | 53 | $21,071 | 0 | $0 | 0 | $0 |
| 1" Meters | 54 | $27,342 | 537 | $271,905 | 15 | $7,595 | 18 | $9,114 | 57 | $28,861 | 0 | $0 | 1 | $506 |
| 1.5" Meters | 24 | $15,618 | 1 | $651 | 11 | $7,158 | 8 | $5,206 | 31 | $20,174 | 0 | $0 | 0 | $0 |
| 2" Meters | 22 | $23,124 | 2 | $2,102 | 17 | $17,868 | 22 | $23,124 | 23 | $24,175 | 0 | $0 | 2 | $2,102 |
| 3" Meters | 1 | $3,975 | 0 | $0 | 0 | $0 | 0 | $0 | 6 | $23,851 | 10 | $39,751 | 0 | $0 |
| 4" Meters | 0 | $0 | 0 | $0 | 1 | $5,061 | 1 | $5,061 | 1 | $5,061 | 0 | $0 | 3 | $15,182 |
| 8" Meters | 0 | $0 | 0 | $0 | 0 | $0 | 1 | $10,483 | 0 | $0 | 0 | $0 | 0 | $0 |
| | 380 | 171,275 | 11,524 | 4,249,807 | 98 | 57,327 | 87 | 95,341 | 322 | 177,715 | 18 | 42,640 | 6 | 17,791 |

| Consumption Charge Cost of Service | Base Day | Average Day | Max Day | Max Hour | Total |
|---|---|---|---|---|---|
| Operations & Maintenance | $10,354,592 | $1,060,644 | $841,328 | $1,157,993 | $13,414,557 |
| Capital Expenses (PayGo) | $610,587 | $62,544 | $248,772 | $312,135 | $1,234,038 |
| Non-Operating Revenue | ($2,341,925) | ($109,705) | ($106,474) | ($143,592) | ($2,701,696) |
| Transfers to/(from) Reserves | ($103,176) | ($10,569) | ($10,257) | ($13,833) | ($137,835) |
| **Total Volume Charges** | **$8,520,078** | **$1,002,914** | **$973,368** | **$1,312,703** | **$11,809,063** |
| | | | | | |
| **Units of Service - Daily Demand (hcf)** | | | | | |
| Residential | 1,633 | 1,738 | 2,360 | 3,635 | |
| Commercial, Irrigation, Recycled Water | 773 | 914 | 1,342 | 2,067 | |
| | 2,406 | 2,652 | 3,702 | 5,702 | |
| | | | | | |
| **Proportional Allocation Factors** | | | | | |
| Residential | 67.9% | 65.5% | 63.7% | 63.7% | |
| Commercial | 32.1% | 34.5% | 36.3% | 36.3% | |
| | 100.0% | 100.0% | 100.0% | 100.0% | |
| | | | | | |
| **Cost-of-Service Single Family** | | | | | |
| Operations & Maintenance | $7,029,128 | $695,025 | $536,337 | $738,207 | $8,998,697 |
| Capital Expenses (PayGo) | $414,492 | $40,984 | $158,589 | $198,982 | $813,048 |
| Non-Operating Revenue | ($1,589,796) | ($71,888) | ($67,876) | ($91,538) | ($1,821,099) |
| Transfers to/(from) Reserves | ($70,040) | ($6,925) | ($6,539) | ($8,818) | ($92,323) |
| | **$5,783,783** | **$657,195** | **$620,511** | **$836,833** | **$7,898,323** |
| | | | | Annual water Use | 634,299 |
| | | | | **Average $ per hcf** | **$12.45** |
| | | | | | |
| **Cost-of-Service Commercial, Irr, Rec. Water** | | | | | |
| Operations & Maintenance | $3,325,464 | $365,619 | $304,991 | $419,786 | $4,415,860 |
| Capital Expenses (PayGo) | $196,095 | $21,560 | $90,183 | $113,153 | $420,990 |
| Non-Operating Revenue | ($752,129) | ($37,817) | ($38,598) | ($52,054) | ($880,598) |
| Transfers to/(from) Reserves | ($33,136) | ($3,643) | ($3,718) | ($5,015) | ($45,512) |
| | **$2,736,295** | **$345,719** | **$352,857** | **$475,870** | **$3,910,741** |
| | | | | Annual water Use | 333,674 |
| | | | | **Average $ per hcf** | **$11.72** |

| Volumetric Cost of Service | Base | Average Day | Maximum Day | Maximum Hour | Total | Annual HCF | Avg. Cost Per HCF |
|---|---|---|---|---|---|---|---|
| Residential | $5,783,783 | $657,195 | $620,511 | $836,833 | $7,898,323 | | |
| Commercial | $2,736,295 | $345,719 | $352,857 | $475,870 | $3,910,741 | | |
| | $8,520,078 | $1,002,914 | $973,368 | $1,312,703 | $11,809,063 | 967,973 | **$12.20** |

| Components of Rate Structure | Revenue at Current Rates (FY 2025-26) | | Cost of Service FY 2026-27 | | Difference COS Minus Current | |
|---|---|---|---|---|---|---|
| Volumetric Rates | | | | | | |
| Residential | $6,629,946 | 44.8% | $7,898,323 | 49.9% | $1,268,377 | 19.1% |
| Non-Residential | $3,343,266 | 22.6% | $3,910,741 | 24.7% | $567,475 | 17.0% |
| | $9,973,212 | 67.5% | $11,809,063 | 74.6% | $1,835,851 | 18.4% |
| Service Charges | $4,811,896 | 32.5% | $4,011,002 | 25.4% | ($800,894) | -16.6% |
| **Total** | **$14,785,108** | 100.0% | **$15,820,065** | 100.0% | **$1,034,958** | **7.0%** |

| | FY 2025-26 Revenue | | | | FY 2026-27 Revenue | | | | Difference | |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | Service Charges | Volume Charges | Total | % of Total | Service Charges | Volume Charges | Total | % of Total | COS Minus Current | |
| Residential | $4,249,807 | $6,629,946 | $10,879,753 | 73.6% | $3,634,201 | $7,898,323 | $11,532,524 | 72.9% | $652,771 | 6.0% |
| Non-Residential | $562,089 | $3,343,266 | $3,905,354 | 26.4% | $376,801 | $3,910,741 | $4,287,541 | 27.1% | $382,187 | 9.8% |
| | $4,811,896 | $9,973,212 | $14,785,108 | | $4,011,002 | $11,809,063 | $15,820,065 | | $1,034,958 | |
| Total Revenue | **$4,811,896** | $9,973,212 | **$14,785,108** | 100.0% | $4,011,002 | $11,809,063 | **$15,820,065** | 100.0% | **$1,034,958** | **7.0%** |

| Residential ONLY Tiered Consumption Rates | Tier 1 | Tier 2 | Tier 3 | |
|---|---|---|---|---|
| Demand Condition | Average Day | Max Day | Max Hour | |
| **Tier Structure** | | | | |
| Volume per tier (hcf) | 0-9 hcf | 10 - 12 hcf | 13+ hcf | |
| hcf by Tier | 218,579 | 129,035 | 286,685 | |
| Cost of Service by Tier | $6,440,979 | $620,511 | $836,833 | |
| Demand Per Tier | **Average Day** | **Maximum Day** | **Maximum Hour** | |
| Tier 1 (0-9 hcf) | 218,579 | | | |
| Tier 2 (10 - 12 hcf) | 129,035 | 129,035 | | |
| Tier 3 (13+ hcf) | 286,685 | 286,685 | 286,685 | |
| Total hcf per Tier | 634,299 | 415,720 | 286,685 | |
| Cost-of-Service per Unit (hcf) | $10.15 | $1.49 | $2.92 | |
| Tier 1 (0-9 hcf) | $10.15 | $10.15 | $10.15 | |
| Tier 2 (10 - 12 hcf) | | $1.49 | $1.49 | |
| Tier 3 (13+ hcf) | | | $2.92 | |
| **Unit Cost per hcf (by Tier)** | **$10.15** | **$11.65** | **$14.57** | not rounded |

| Water Usage Fiscal Year 2024-25 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Class** | **July** | **August** | **September** | **October** | **November** | **December** | **January** | **February** | **March** | **April** | **May** | **June** | **Total** |
| Residential | 55,197 | 50,391 | 62,752 | 51,419 | 61,244 | 50,833 | 58,020 | 47,253 | 51,898 | 47,443 | 50,971 | 46,878 | 634,299 |
| Non-Residential | 13,989 | 37,958 | 17,458 | 43,001 | 18,064 | 41,995 | 15,274 | 36,965 | 12,044 | 34,750 | 11,434 | 38,168 | 321,100 |
| **Subtotal** | **69,186** | **88,349** | **80,210** | **94,420** | **79,308** | **92,828** | **73,294** | **84,218** | **63,942** | **82,193** | **62,405** | **85,046** | **955,399** |

| **Non-Seasonal Average** | **March** | **April** | **Average** |
|---|---|---|---|
| Residential | 51,898 | 47,443 | 49,671 |
| Non-Residential | 12,044 | 34,750 | 23,397 |
| **Subtotal** | **63,942** | **82,193** | **73,068** |

**FY 2024-25 Water Use Data**
**Ratio of outdoor reduction to indoor reduction =** **2.00** **to 1.00**

| **8% Stage 1 Reduction (up to 10% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 7.4% | 14.8% | 44,059 | 5,655 | 49,715 | 8% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 7.4% | 14.8% | 20,754 | 5,963 | 26,717 | 8% |
| **Total** | 955,399 | 876,810 | 78,589 | 7.4% | 14.8% | 64,813 | 11,619 | 76,432 | **8.0%** |

| **15% Stage 2 Reduction (up to 20% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 13.9% | 27.7% | 82,611 | 10,604 | 93,215 | 15% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 13.9% | 27.7% | 38,914 | 11,181 | 50,095 | 16% |
| **Total** | 955,399 | 876,810 | 78,589 | 13.9% | 27.7% | 121,525 | 21,785 | 143,310 | **15.0%** |

| **25% Stage 3 Reduction (up to 30% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 23.1% | 46.2% | 137,686 | 17,673 | 155,359 | 24% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 23.1% | 46.2% | 64,856 | 18,635 | 83,491 | 26% |
| **Total** | 955,399 | 876,810 | 78,589 | 23.1% | 46.2% | 202,542 | 36,308 | 238,850 | **25.0%** |

| **35% Stage 4 Reduction (up to 40% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 32.3% | 64.7% | 192,760 | 24,742 | 217,502 | 34% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 32.3% | 64.7% | 90,799 | 26,089 | 116,888 | 36% |
| **Total** | 955,399 | 876,810 | 78,589 | 32.3% | 64.7% | 283,559 | 50,831 | 334,390 | **35.0%** |

| **45% Stage 5 Reduction (up to 50% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 41.6% | 83.2% | 247,834 | 31,811 | 279,645 | 44% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 41.6% | 83.2% | 116,741 | 33,543 | 150,284 | 47% |
| **Total** | 955,399 | 876,810 | 78,589 | 41.6% | 83.2% | 364,575 | 65,354 | 429,930 | **45.0%** |

| **53% Stage 6 Reduction (greater than 50% reduction) Baseline Annual Demand (HCF)** | | | | **Reductions** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class** | **Total** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Indoor** | **Outdoor** | **Total** | **Total** |
| **Residential** | 634,299 | 596,046 | 38,253 | 48.8% | 100.0% | 290,795 | 38,253 | 329,048 | 52% |
| **Non-Residentia** | 321,100 | 280,764 | 40,336 | 48.8% | 100.0% | 136,977 | 40,336 | 177,313 | 55% |
| **Total** | 955,399 | 876,810 | 78,589 | 48.8% | 100.0% | 427,772 | 78,589 | 506,361 | **53.0%** |

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 7.84% | 14.70% | 24.49% | 34.29% | 44.09% | 51.88% |
| **Non-Residentia** | 8.32% | 15.60% | 26.00% | 36.40% | 46.80% | 55.22% |

Ratio of outdoor reduction to indoor reduction = 2.00 to 1.00

Rev. Stabilization Factors =1/(1-a) *(b-(c*a))/b

varies a = assumed percentage of reduction in water usage
74.6% b = proportion of revenue from volumetric rates, from model
46.3% c = proportion of water utility expenses that are variable
(see calculation to the right)

**Water Expenses**

| | |
|---|---|
| Water Purchases | $6,368,785 |
| BAWSCA Surcharge | $497,651 |
| Utilities | $456,350 |
| | $7,322,786 |
| FY 2026-27 Reve Req. | $15,820,065 |
| | **46%** |

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 8% | 15% | 24% | 34% | 44% | 52% |
| **Non-Residentia** | 8% | 16% | 26% | 36% | 47% | 55% |

| Class | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| **Residential** | 1.032 | 1.065 | 1.123 | 1.198 | 1.300 | 1.410 |
| **Non-Residentia** | 1.034 | 1.070 | 1.133 | 1.217 | 1.334 | 1.468 |

To be applied to the non-shortage rates in effect at the time of the shortage declaration

| | Stage 1 Up to 10% Reduction | Stage 2 Up to 20% Reduction | Stage 3 Up to 30% Reduction | Stage 4 Up to 40% Reduction | Stage 5 Up to 50% Reduction | Stage 6 Greater than 50% Reduction |
|---|---|---|---|---|---|---|
| WSCP- Estimated Water Use Reduction | 8% | 15% | 25% | 35% | 45% | 53% |