

# City of Buellton, CA

Report

## Comprehensive Water & Sewer Utility Rate Study





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## Section 1 – Executive Summary

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### 1.1 Introduction

Willdan Financial Services (Willdan) is pleased to submit to the City of Buellton (City) the Water and Sewer Rate Study report (Report) for your consideration. Willdan has completed the study of the City's water and sewer rates and summarized the results of the investigations, analyses, and conclusions in this Report.

#### 1.1.1 Water System Background

The City currently has four (4) wells as part of the water supply system: three (3) shallow wells in the Santa Ynez Underflow and one (1) in the Buellton Uplands. The City also has two additional wells, located in the Santa Ynez Underflow. However, both wells are used solely for irrigation purposes for the Zaca Creek Golf Course and for hillside/field irrigation at the "Willemsen Ranch".

The City is also a participant of the State Water Project through the Central Coast Water Authority (CCWA). CCWA owns and operates water treatment facilities and a pipeline that delivers water from the State Water Project to the project participants in Santa Barbara and San Luis Obispo Counties. The City has one (1) turn-out from the CCWA pipeline that delivers water directly to the City's distribution system.

The City of Buellton's water is supplied by groundwater and supplemented by the State Water Project when necessary. The City's groundwater basins are informally managed by the Santa Ynez River Water Conservation District. The City contributes to the replenishment of groundwater by discharging secondary treated effluent into infiltration basins from the City's wastewater treatment plant.

The City also has two water treatment facilities. The McMurray Water Treatment Plant, which treats water pumped from the three wells in the Santa Ynez River Underflow; and The City's 246 Water Treatment Plant, which treats water pumped from the one well located in the Buellton Uplands.

#### 1.1.2 Sewer System Background

The sewer collection system consists of approximately twenty (20) miles of pipelines and is predominantly clay pipe. Most of the sewer collection system consists of gravity pipelines, which vary in size from six (6) to fifteen (15) inches in diameter, and there are approximately 850 feet of force mains. There are two (2) public sewer lift stations located in the City's service area, which are operated by City Staff and maintained through contracted services. The two lift stations are identified as Riverview Park Lift Station and Zaca Creek Golf course lift station. Maintenance access to the gravity sewers is provided by 379 manholes and several structures, such as cleanouts and inspection holes. The collected wastewater is conveyed



to the City's wastewater treatment plant for treatment and disposal. The current wastewater treatment plant has a rated capacity of 0.65 million gallons per day (MGD).

### 1.1.3 Rate Study Background

The City has focused a significant amount of attention and effort on strategic planning measures in all areas of utility operations to ensure that it is able to maintain critical utility infrastructure, provide a stable and well-functioning water system that delivers uninterrupted service to its customers, and so that it remains prepared for the future. As part of its ongoing strategic planning efforts, the City commissioned Willdan to perform a water and sewer rate study to analyze the revenue sources and expenditures of the water and sewer utility systems and provide recommendations for proposed rate and/or rate structure adjustments to meet the financial and administrative goals and objectives of the City. The primary objectives of the rate study include:

- Full recovery of costs related to utility operations (i.e., operating and maintenance costs, debt, and other expenditure requirements);
- Cost-based rate structures;
- Consistency with American Water Works (AWWA) and Water Environment Federation (WEF) guidelines;
- Equity among customer classes;
- Meeting substantive and procedural Proposition 218 requirements;
- Administrative efficiency (i.e., easy to understand and implement); and
- 5-Year capital funding plan.

## 1.2 Overview of the Rate Study Process

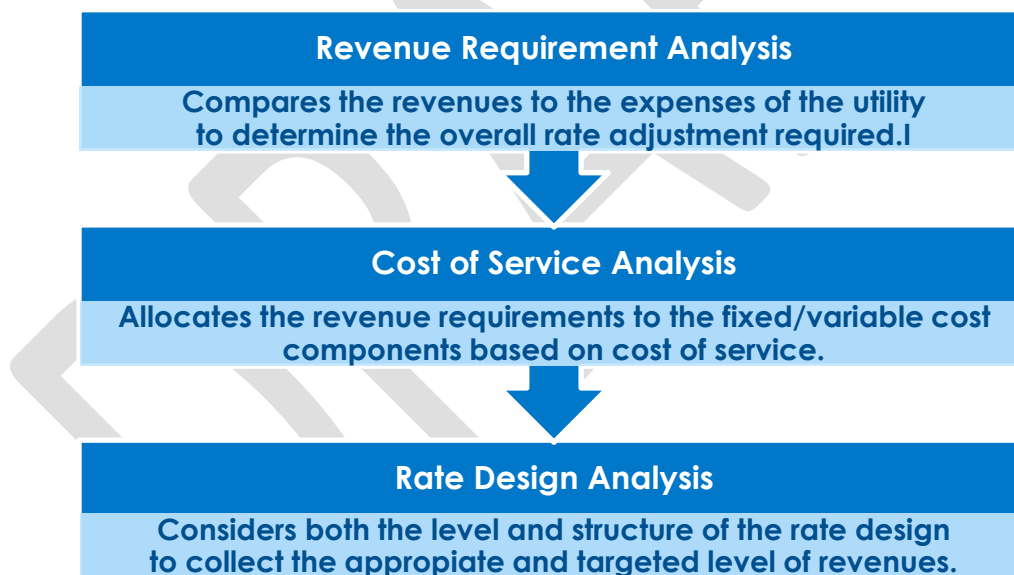
This study includes the development and presentation of a pro-forma water and sewer financial plan for a 5-year planning period, as well as the development of cost-based rates through a cost-of-service and rate design analysis. Utility rates must be set at a level such that operating, maintenance, debt, and capital expenses are funded with the revenues received from customers. In addition, the revenues generated from utility rates must only be used for this purpose and for each system separately. This is a significant point, as failure to achieve the revenues needed can lead to unacceptable service levels and inadequately maintained facilities. Therefore, a rate study typically consists of the following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Creates a five-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and routine system component replacement activities. In addition, the plan should fund and maintain appropriate reserve



balances based on industry standards, as well as the City's fiscal policies and specific needs.

- II. **Cost-of-Service Analysis:** Identifies and apportions annual revenue requirements (i.e., expenditures) to operational and functional cost components based on the demand placed on the utility system. The purpose of this analysis is to develop rates that generate revenues relatively proportionate to the share of each utility's costs. This objective is consistent with industry standards as well as the requirements of Proposition 218 (Prop 218).
- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the City's customer base. The policy objectives are coordinated with Prop 218 requirements and cost-of-service objectives to achieve a balance between customer equity and financial stability goals. The balance of fixed and variable charges considers the need for a stable revenue source (the fixed charge) and accounts for customers placing higher costs on the system (through higher water and sewer use) by incurring a higher bill reflective of their impact on the system (the variable component).



This rate study utilizes generally accepted rate-making principles and standards established by industry experts such as the AWWA in its "M1 - Principles of Water Rates Fees and Charges" manual and WEF in its "Financing and Charges for Sewer Systems, Manual of Practice No. 27". The principles established by these entities are used as guidelines in the development of the proposed rates for water and sewer. A discussion of some of the key principles of ratemaking is presented in the following subsection of this Report.



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## 1.3 Summary of Proposed Rates

The rate study methodology applied in the development of updated water and sewer rates, outlined in this Report, consisted of reviewing the historical operating results of the water and sewer utility systems, analyzing the budget to identify the net revenue requirements to be recovered from user rate revenues, performing general cost-of-service allocations based on the rate components and functional cost categories, and revising the rates based on the applicable costs and expenditures to be recovered from user rates. In addition, an analysis of the system customers and usage characteristics was performed to identify the rate determinants since they drive the recommended rates, which are the primary source for generating revenues. The allocated revenue requirements were utilized in conjunction with the rate determinants and rate structure to develop the proposed water and sewer rates.

The findings and conclusions of the rate analysis, as well as the resulting rate recommendations, were utilized to develop a projection of future operating results for a 5-year planning period from Fiscal Year (FY) 2026 (beginning July 1, 2025) through FY 2030 (ending June 30, 2030), herein referred to as the "Projection Period". The purpose for developing the 5-year projections is to demonstrate the financial capability of the water and sewer revenues to support system operations and fund planned capital improvements. The analyses, findings and accompanying recommendations are presented in the subsequent sections of the Report.

The water and sewer rate analyses described in the Report are performed based on the general guidelines of the defined objectives, as well as common industry standards for setting utility rates. In addition to focusing on these major objectives, the rate analyses performed herein will consider other factors in designing rates. As will be discussed in detail later in the Report, such other rate considerations generally include sensitivity to the impact on existing customers, the relative comparability with neighboring utilities and the City's existing rate structure. The proposed water and sewer rates for assumed implementation effective August 1, 2025 (or other such date as determined by the City) for FY 2025/26 (FY 2026, herein referred to as the "Test Year") are provided in **Tables 1 and 2**, respectively. The existing rates are provided in **Tables 3 and 4**, respectively.



**Table 1 – Proposed Monthly Water Rates**

Description	Rate
<b>Monthly Fixed Charge:</b>	
5/8 - 3/4 Inch	\$ 39.81
1.0 Inch	\$ 99.53
1.5 Inch	\$ 199.05
2.0 Inch	\$ 318.48
3.0 Inch	\$ 597.15
4.0 Inch	\$ 995.25
6.0 Inch	\$ 1,990.51
8.0 Inch	\$ 3,184.81
Hydrant	\$ 318.48
Additional Dwelling Units <sup>[1]</sup>	\$ 39.81
<b>Monthly Fixed Charge - Sprinklers:</b>	
4.0 Inch	\$ 14.49
6.0 Inch	\$ 28.99
8.0 Inch	\$ 46.38
<b>Volumetric Rates Per 100 Cubic Feet:</b>	
Residential, Commercial, Industrial, and City	\$ 3.41
Hydrant	\$ 5.11
<b>Notes:</b>	
[1] All "Additional Dwelling Units" will be billed at the 5/8-3/4 inch meter rate per dwelling unit.	



**Table 2 – Proposed Monthly Sewer Rates**

Description	Rate
<b>Monthly Fixed Charge <sup>[1]</sup>:</b>	
Single Family Dwelling	\$ 58.96
Multiple Dwelling	\$ 42.54
Multi Family - Townhomes & Condos	\$ 42.54
Multi Family - Apts	\$ 42.54
Multi Family - Per Additional Unit	\$ 42.54
Mobile Home Parks	\$ 46.62
Mobile Home Parks - Per Additional Unit	\$ 46.62
Motels - Service	\$ 33.80
Restaurant - Service	\$ 33.80
Fast Food/Bar - Service	\$ 33.80
Theaters/Banquet - Service	\$ 33.80
Camper/Trailer Parks (Unmetered)	\$ 33.80
Camper/Trailer Parks - Per Additional Space	\$ 33.80
Camper/Trailer Parks (Metered)	\$ 33.80
Schools	\$ 33.80
Churches (w/o School)	\$ 33.80
Other Commercial - Retail	\$ 33.80
Industrial Accounts	\$ 33.80
City Accounts	\$ 33.80
<b>Volumetric Rates Per 100 Cubic Feet <sup>[2]</sup>:</b>	
Single Family Dwelling	\$ -
Multiple Dwelling	\$ -
Multi Family - Townhomes & Condos	\$ -
Multi Family - Apts	\$ -
Mobile Home Parks	\$ -
Motels - Service	\$ 4.36
Restaurant - Service	\$ 4.36
Fast Food/Bar - Service	\$ 4.36
Theaters/Banquet - Service	\$ 4.36
Camper/Trailer Parks (Unmetered)	\$ -
Camper/Trailer Parks (Metered)	\$ 4.36
Schools	\$ 1.66
Churches (w/o School)	\$ 1.66
Other Commercial - Retail	\$ 4.36
Industrial Accounts - Normal	\$ 1.54
Industrial Accounts - High	\$ 6.95
City Accounts	\$ 1.66
<b>Notes:</b>	
[1] All single-family residential, multi-family residential, and mobile home customers only pay a flat fee per dwelling unit, regardless of usage.	
[2] Under the proposed rates, non-residential customers will pay the volumetric rate per 100 cubic feet for all usage.	



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## Section 2 – Revenue Sufficiency Analysis

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### 2.1 Financial Planning Principles

While the individual rates for each of the utility systems vary based on a variety of factors, rates should be consistent with common rate-making principles within the utility industry. The guiding principle is that rates designed for any utility should provide a reasonable balance between several key factors. In general, the utility rates should:

- Generate a stable revenue stream that, when combined with other sources of funds, is sufficient to meet the expenditure requirements and goals of the system;
- Be based upon the proportionate cost of providing the service and not exceed the cost of providing the service – in compliance with California Proposition 218;
- Be equitable – that is, they should generate revenue from customer classes in a manner which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

Striking the appropriate balance between the principles of ratemaking is the result of a detailed process of evaluation of revenue requirements and cost-of-service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which it operates.

### 2.2 Existing Rates

The City has established user rates for water and sewer service that are applied to retail customers of the system. The rates charged for water and sewer services are approved by the City Council and are not subject to administrative review or approval by any other local or state agency. The City has historically adjusted rates, as necessary, to provide for recovery of financial obligations including operating expenses, debt service, capital expenditures and any other expenses and transfers.

The existing water rates consist of 1) a monthly fixed charge that designates the minimum amount a customer will pay regardless of their water usage, and 2) a uniform volumetric rate per 100 cubic feet. The monthly fixed charge varies based on the meter size for all customers, except for multi-family customers. Multi-family customers pay the 5/8"-3/4" meter charge for the first dwelling unit, plus a per "Additional Dwelling Unit" charge for each additional dwelling unit. The volumetric rates are uniform such that the rate per 100 cubic feet remains the same for each respective customer type regardless of the amount of water usage. The existing rates for water service are provided in **Table 3**.



**Table 3 – Existing Monthly Water Rates**

Description	Rate
<b>Monthly Fixed Charge:</b>	
5/8 - 3/4 Inch	\$ 35.51
1.0 Inch	\$ 96.89
1.5 Inch	\$ 191.90
2.0 Inch	\$ 301.60
3.0 Inch	\$ 646.19
4.0 Inch	\$ 1,176.31
6.0 Inch	\$ 2,511.90
8.0 Inch	\$ 3,364.78
Hydrant	\$ 50.00
Additional Dwelling Units	\$ 24.86
<b>Monthly Fixed Charge - Sprinklers:</b>	
	\$ -
4.0 Inch	\$ 19.29
6.0 Inch	\$ 28.53
8.0 Inch	\$ 38.58
<b>Volumetric Rates Per 100 Cubic Feet:</b>	
Residential, Commercial, Industrial, and City	\$ 2.98
Hydrant	\$ 12.69

The existing sewer rates consist of 1) monthly fixed charges that apply to different types residential customers by dwelling unit regardless of their usage, 2) monthly fixed charges that apply to different types of non-residential customers by account, which include 1,400 cubic feet of usage, and 2) a volumetric rate component per 100 cubic feet that recovers the costs of collection and treatment of wastewater by customer type. The volumetric rate component only applies to non-residential customers. Non-residential customers do not pay the volumetric rate per 100 cubic feet until their monthly usage exceeds 1,400 cubic feet. The existing rates for sewer service are provided in **Table 4**.



**Table 4 – Existing Monthly Sewer Rates**

Description	Rate
<b>Monthly Fixed Charge <sup>[1]</sup>:</b>	
Single Family Dwelling	\$ 30.45
Multiple Dwelling	\$ 30.45
Multi Family - Townhomes & Condos	\$ 30.45
Multi Family - Apts	\$ 30.45
Multi Family - Per Additional Unit	\$ 21.31
Mobile Home Parks	\$ 30.45
Mobile Home Parks - Per Additional Unit	\$ 15.22
Motels - Service	\$ 60.72
Restaurant - Service	\$ 60.72
Fast Food/Bar - Service	\$ 60.72
Theaters/Banquet - Service	\$ 60.72
Camper/Trailer Parks (Unmetered)	\$ 60.72
Camper/Trailer Parks - Per Additional Space	\$ 15.22
Camper/Trailer Parks (Metered)	\$ 60.72
Schools	\$ 29.98
Churches (w/o School)	\$ 29.98
Other Commercial - Retail	\$ 68.44
Industrial Accounts	\$ 46.76
City Accounts	\$ 60.72
<b>Volumetric Rates Per 100 Cubic Feet <sup>[2]</sup>:</b>	
Single Family Dwelling	\$ -
Multiple Dwelling	\$ -
Multi Family - Townhomes & Condos	\$ -
Multi Family - Apts	\$ -
Mobile Home Parks	\$ -
Motels - Service	\$ 6.05
Restaurant - Service	\$ 6.05
Fast Food/Bar - Service	\$ 6.05
Theaters/Banquet - Service	\$ 6.05
Camper/Trailer Parks (Unmetered)	\$ -
Camper/Trailer Parks (Metered)	\$ 6.05
Schools	\$ 0.56
Churches (w/o School)	\$ 0.56
Other Commercial - Retail	\$ 6.05
Industrial Accounts - Normal	\$ 7.26
Industrial Accounts - High	\$ 7.26
City Accounts	\$ -
<b>Notes:</b>	
[1] All single-family residential, multi-family residential, and mobile home customers only pay a flat fee per dwelling unit, regardless of usage.	
[2] Under the existing rates, non-residential customers pay the volumetric rate per 100 cubic feet once they exceed 1,400 cubic feet of usage.	



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## 2.3 Revenue Sufficiency Process

In evaluating whether the existing rates will generate sufficient revenue to meet the expenditure requirements of the water and sewer systems, the annual expenditures required for each utility (herein referred to as the "Revenue Requirements") were developed. The Revenue Sufficiency Analysis compares the forecasted revenues for each utility system under existing rates (including customer growth) to the projected Revenue Requirements.

### 2.3.1 Budget

The Revenue Sufficiency Analysis performed as part of this study and summarized in this Report utilizes the City's Adopted Budget for FY 24/25 (the "Budget" for FY ending June 30, 2025) as one variable to determine the gross Revenue Requirement to be recovered from user rates over the Projection Period. The Budget, as prepared by the City, is provided on a line-item basis, and is used for projecting the budgeted financial needs for the Test Year and the remainder of the Projection Period. In developing the rate analysis, certain adjustments are made such that expenditures are categorized into either Operating and Maintenance (O&M) expenses or non-operating expenses. In addition, only recurring costs included in the current Budget were included as part of the Revenue Sufficiency Analysis for the entirety of the Projection Period. One-time costs were identified and evaluated in discussions with City Staff and removed if appropriate. Recurring annual costs were escalated using suitable indexes or escalation factors, again in discussion with City Staff. The O&M expenses are primarily those ongoing costs for labor, materials, chemicals, electricity, supplies, services, etc., required to manage and operate the utility system on a day-to-day basis while maintaining a dependable level of service. The O&M requirements are generally a function of a budgetary process and are directly related to the level of service provided to customers of the utility system. The non-operating expenses include such items as capital outlay and any other expenses & transfers.

The Budget also identifies estimated revenues to be derived from sources other than the retail water and sewer user rates. Such other revenue sources include interest earnings on investments, set-up fees, late charges, permits, and various other miscellaneous service charges. The revenues generated from the other sources are applied to the gross Revenue Requirements to reduce the amount of revenue required from user rates. The result is the net Revenue Requirement.

### 2.3.2 Capital Improvement Plan (CIP)

The City provided a list of anticipated capital projects to be funded over the Projection Period. These are also included in the development of the gross Revenue Requirements. The capital projects provided by and identified by the City in the CIP are required to modernize and upgrade the system to maintain uninterrupted service to customers by investing in improvements, repairs, or replacements of aging system components as they wear over time. The CIP also includes projects necessary to maintain compliance with State mandated



standards for water quality. The City provided cost estimates for the identified capital projects by the fiscal year in which they are estimated to be undertaken for each system. The funding for these capital projects was then used in the analysis, along with O&M and non-operating expenses, to determine the gross Revenue Requirements for both the water and sewer systems. The capital projects included in the CIP (represented in \$1,000s), along with the assumed funding sources by fiscal year, for the Projection Period are provided in **Tables 5 and 6.**

**Table 5 – Water CIP (\$1,000s)**

Description	Fiscal Year Ending June 30,					Total
	2026	2027	2028	2029	2030	
<b>Water Capital Projects</b>						
603- Water Treatment Plant Facilities Improvement	\$ 200	\$ 200	\$ 200	\$ 200	\$ 250	\$ 1,050
605- Water Treatment Plant Backwash Reclamation	100	100	100	100	-	400
607- Water Meter Upgrades	-	-	-	-	-	-
609- Supplemental Well/Storage/Water Treatment Plant Feasibility	100	100	-	-	-	200
610- Water Distribution System Improvement	100	100	100	100	150	550
613- Reservoir No. 2 Roof Replacement	-	-	-	-	-	-
6xx- New Reservoir	200	750	750	-	-	1,700
6xx- Water Distribution System MP Implementation	300	300	300	300	300	1,500
6xx-Water Treatment Plant MP Implementation	-	-	-	-	2,000	2,000
6xx- SCADA Upgrades (Water)	200	100	-	-	-	300
6xx- Reservoir 1 Roof Replacement	750	750	-	-	-	1,500
6xx-Reservoir 3 Roof Replacement	-	-	1,500	1,500	-	3,000
6xx= McMurray WTP Generator	700	-	-	-	-	700
<b>Total Water Capital Projects</b>	<b>\$ 2,650</b>	<b>\$ 2,400</b>	<b>\$ 2,950</b>	<b>\$ 2,200</b>	<b>\$ 2,700</b>	<b>\$ 12,900</b>
<b>Capital Funding Source</b>						
Cash	\$ 2,650	\$ 2,400	\$ 2,950	\$ 2,200	\$ 2,700	\$ 12,900
Grant	-	-	-	-	-	-
Debt	-	-	-	-	-	-
DIF	-	-	-	-	-	-
<b>Total Capital Funding</b>	<b>\$ 2,650</b>	<b>\$ 2,400</b>	<b>\$ 2,950</b>	<b>\$ 2,200</b>	<b>\$ 2,700</b>	<b>\$ 12,900</b>

**Table 6 – Sewer CIP (\$1,000s)**

Description	Fiscal Year Ending June 30,					Total
	2026	2027	2028	2029	2030	
<b>Sewer projects</b>						
704- Sewer Line Replacement	\$ 250	\$ 250	\$ 250	\$ 250	\$ 300	\$ 1,300
706- Wastewater Treatment Plant Facilities Improvement	400	400	400	400	450	2,050
710- Wastewater Treatment Plant Lift Station and Plant Power Reliability	-	-	-	-	-	-
7xx- SCADA Upgrades (Sewer)	200	100	-	-	-	300
7xx- Wastewater Treatment Plant Electrical Improvements	75	150	150	-	-	375
7xx-Wastewater Treatment Plant MP Improvements	300	300	300	300	300	1,500
7xx- Wastewater Treatment Plant Lab Building Replacement	250	-	-	-	-	250
<b>Total Sewer projects</b>	<b>\$ 1,475</b>	<b>\$ 1,200</b>	<b>\$ 1,100</b>	<b>\$ 950</b>	<b>\$ 1,050</b>	<b>\$ 5,775</b>
<b>Capital Funding Source</b>						
Cash	\$ 1,475	\$ 1,200	\$ 1,100	\$ 950	\$ 1,050	\$ 5,775
Grant	-	-	-	-	-	-
Debt	-	-	-	-	-	-
DIF	-	-	-	-	-	-
<b>Total Capital Funding</b>	<b>\$ 1,475</b>	<b>\$ 1,200</b>	<b>\$ 1,100</b>	<b>\$ 950</b>	<b>\$ 1,050</b>	<b>\$ 5,775</b>



### 2.3.3 Debt Service

The City currently has no outstanding debt associated with either the water or sewer utility system. Based on discussions with the City, there are also no anticipated future debt issuances expected to occur over the Projection Period. Therefore, no annual debt service payments or debt service ratio calculations are included in the analysis and Projection Period.

### 2.3.4 Gross and Net Revenue Requirement

The proposed water and sewer rates developed in the Report are designed for assumed implementation in FY 2025/26 (the Test Year as previously defined). The projected Test Year gross and net Revenue Requirements are estimated by utilizing the Budget, capital estimates and assumed funding sources for capital projects as provided by the City, along with anticipated transfers to reserves for funding capital projects. The Test Year Revenue Requirements that are used for developing the user rates proposed herein are detailed in **Appendix A** at the end of this report and summarized in **Table 7**.

**Table 7 – Test Year Revenue Requirements – FY 2026**

Description	Water	Wastewater	Total
Total O&M	\$ 2,076,541	\$ 1,497,019	\$ 3,573,560
Existing Capital Lease	102,165	64,635	166,801
Other Expenditures & Transfers	881,118	278,005	1,159,122
<b>Gross Revenue Requirement</b>	<b>\$3,059,824</b>	<b>\$1,839,659</b>	<b>\$4,899,483</b>
Less Other Revenues	(140,770)	(35,650)	(176,420)
<b>Net Revenue Requirement</b>	<b>\$2,919,054</b>	<b>\$1,804,009</b>	<b>\$4,723,063</b>

The projected Revenue Requirements for the water and sewer systems over the entire Projection Period are provided in **Tables 8 and 9**.

**Table 8 – Water Revenue Requirements for the Projection Period**

Description	Projected for Fiscal Year Ending June 30,				
	2026	2027	2028	2029	2030
Total O&M	\$ 2,076,541	\$ 2,188,848	\$ 2,272,154	\$ 2,338,329	\$ 2,436,930
Existing Capital Lease	102,165	107,161	95,699	117,768	123,396
Future Debt Service	-	-	-	-	-
Other Expenditures & Transfers	881,118	1,080,390	1,359,247	1,623,987	1,868,278
<b>Gross Revenue Requirement</b>	<b>\$3,059,824</b>	<b>\$3,376,399</b>	<b>\$3,727,100</b>	<b>\$4,080,084</b>	<b>\$4,428,604</b>
Less Other Revenues	(140,770)	(140,770)	(140,770)	(140,770)	(140,770)
<b>Net Revenue Requirement</b>	<b>\$2,919,054</b>	<b>\$3,235,629</b>	<b>\$3,586,330</b>	<b>\$3,939,314</b>	<b>\$4,287,834</b>



**Table 9 – Sewer Revenue Requirements for the Projection Period**

Description	Projected for Fiscal Year Ending June 30,				
	2026	2027	2028	2029	2030
Total O&M	\$ 1,497,019	\$ 1,552,335	\$ 1,609,811	\$ 1,669,540	\$ 1,731,615
Existing Capital Lease	64,635	67,796	60,544	74,506	78,067
Future Debt Service	-	-	-	-	-
Other Expenditures & Transfers	278,005	964,789	1,323,347	1,425,265	1,515,033
<b>Gross Revenue Requirement</b>	<b>\$1,839,659</b>	<b>\$2,584,920</b>	<b>\$2,993,702</b>	<b>\$3,169,311</b>	<b>\$3,324,715</b>
Less Other Revenues	(35,650)	(35,650)	(35,650)	(35,650)	(35,650)
<b>Net Revenue Requirement</b>	<b>\$1,804,009</b>	<b>\$2,549,270</b>	<b>\$2,958,052</b>	<b>\$3,133,661</b>	<b>\$3,289,065</b>

## 2.4 Customers & Billable Flows

The rate study is heavily reliant upon a detailed analysis of system customers and accompanying usage and demand characteristics. The existing utility customer base and metered/billable flows provide the determinants utilized in the cost-of-service analysis, and ultimately in calculating the monthly user rates and charges, which become the foundation for projecting future revenues generated by the water and sewer systems.

It is important to note that the customer and flow analysis focuses primarily on the customer classifications that will be subject to and impacted by the user rates and charges to be developed in the Report. This consists of the general service (retail) customers that currently pay for utility services pursuant to the existing user rates and charges as previously detailed. For the purposes of the rate study, it is these customers and their accompanying usage characteristics that will generate revenues based upon the proposed user rates and charges.

### 2.4.1 Customer Billing Analysis

For the rate study, detailed monthly billing information was provided for each customer. This data offered a breakdown of water and sewer customers by class, usage characteristics and billed charges. The historical billing data was queried from the City’s electronic billing records. An analysis of the billing data was conducted to obtain an understanding of existing customers, customer classes, demand and usage characteristics, and metered usage per customer class. In accordance with the data, as well as discussions with the City staff, the utility system provides service to various identifiable retail customer classes consisting of:

- Single-Family Residential
- Multi-Family Residential
- Commercial/Non-Residential
- Industrial, and
- Institutional.



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Each of these customer classes embodies certain common characteristics in their utility use and service demand profiles that provide the basis for establishing an equitable allocation of system costs. The billing data was utilized to identify the number of customer accounts and dwelling units within each class, the applicable equivalent residential units (ERUs), the metered/billable usage profiles, and sewer strength characteristics.

The historical customer data was also utilized to establish growth trends for each customer classification. The growth trends were then used to project the average number of customers within each class for the Test Year plus the remaining years of the Projection Period.

## 2.5 Financial Projections Under Existing Rates

The projected customers and accompanying billable flows were applied to the existing rates to develop a projection of user revenues that would be generated under existing rates. The revenues are then compared to the projected revenue requirements/expenditures to determine if revenue adjustments are needed. Based on this comparison, it is projected that under the existing rates, neither the water nor sewer systems would meet their collective projected O&M financial obligations, cost of capital projects, and transfers that are anticipated to be funded with cash reserves. Therefore, revenue increases are required to generate additional cash to fund projected costs of operations and capital projects and maintain adequate cash reserves. In addition, the City has an established policy objective of maintaining at least 180 days of cash reserves to help fund ongoing operations in the event of periodic fluctuations in cash flow, and to address unexpected needs that may require cash funding. The cash-flow statements outlining the projected operating results under existing rates are summarized in **Tables 10** and **11** for the water and sewer systems, respectively. The proposed rates and projected financial results are addressed in the subsequent sections of this Report.



**Table 10 – Water System Projected Operating Results Under Existing Rates (\$1,000s)**

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)				
	Existing 2026	2027	2028	2029	2030
<b>Revenues:</b>					
Water Sales	\$ 2,605	\$ 2,625	\$ 2,645	\$ 2,666	\$ 2,687
Other Revenues	141	141	141	141	141
<b>Total Revenues</b>	<b>\$ 2,746</b>	<b>\$ 2,766</b>	<b>\$ 2,786</b>	<b>\$ 2,807</b>	<b>\$ 2,828</b>
O&M Expenses	(2,077)	(2,189)	(2,272)	(2,338)	(2,437)
Capital Lease	(102)	(107)	(96)	(118)	(123)
<b>Net Operating Results</b>	<b>\$ 568</b>	<b>\$ 470</b>	<b>\$ 418</b>	<b>\$ 351</b>	<b>\$ 267</b>
<b>Other Expenditures &amp; Transfers:</b>					
Capital Outlay	\$ (24)	\$ (79)	\$ (25)	\$ (26)	\$ (27)
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Expenditures &amp; Transfers</b>	<b>\$ (24)</b>	<b>\$ (79)</b>	<b>\$ (25)</b>	<b>\$ (26)</b>	<b>\$ (27)</b>
<b>Net Results</b>	<b>\$ 544</b>	<b>\$ 391</b>	<b>\$ 393</b>	<b>\$ 325</b>	<b>\$ 241</b>
<b>Fund Balance Activity:</b>					
<b>Operating Fund</b>					
Beginning Balance	\$ 10,241	\$ 1,024	\$ 1,079	\$ 1,121	\$ 647
Deposit/(Withdrawal) from/(to) Operations	544	391	393	325	241
Deposit/(Withdrawal) from/(to) Capital Fund	(9,760)	(335)	(352)	(799)	(887)
<b>Total Operating Fund Balance</b>	<b>\$ 1,024</b>	<b>\$ 1,079</b>	<b>\$ 1,121</b>	<b>\$ 647</b>	<b>\$ (0)</b>
<b>Operating Fund - Days Cash on Hand</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>	<b>100.95</b>	<b>0.00</b>
<b>Capital Fund</b>					
Beginning Balance	\$ (1,047)	\$ 6,064	\$ 3,999	\$ 1,401	\$ 0
Net Transfers In/(Out) from/(to) Operating Fund	9,760	335	352	799	887
Cash Funded Capital Projects	(2,650)	(2,400)	(2,950)	(2,200)	(2,700)
<b>Total Capital Fund Balance</b>	<b>\$ 6,064</b>	<b>\$ 3,999</b>	<b>\$ 1,401</b>	<b>\$ 0</b>	<b>\$ (1,813)</b>
<b>Ending Fund Balance</b>	<b>\$ 7,088</b>	<b>\$ 5,079</b>	<b>\$ 2,522</b>	<b>\$ 647</b>	<b>\$ (1,813)</b>
<b>Debt Coverage</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



**Table 11 – Sewer System Projected Operating Results Under Existing Rates (\$1,000s)**

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)				
	Existing 2026	2027	2028	2029	2030
<b>Revenues:</b>					
Wastewater Sales	\$ 1,244	\$ 1,256	\$ 1,267	\$ 1,278	\$ 1,290
Other Revenues	36	36	36	36	36
<b>Total Revenues</b>	<b>\$ 1,280</b>	<b>\$ 1,291</b>	<b>\$ 1,303</b>	<b>\$ 1,314</b>	<b>\$ 1,326</b>
O&M Expenses	(1,497)	(1,552)	(1,610)	(1,670)	(1,732)
Capital Lease	(65)	(68)	(61)	(75)	(78)
<b>Net Operating Results</b>	<b>\$ (282)</b>	<b>\$ (329)</b>	<b>\$ (368)</b>	<b>\$ (430)</b>	<b>\$ (484)</b>
<b>Other Expenditures &amp; Transfers:</b>					
Capital Outlay	\$ (26)	\$ (27)	\$ (83)	\$ (28)	\$ (29)
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Expenditures &amp; Transfers</b>	<b>\$ (26)</b>	<b>\$ (27)</b>	<b>\$ (83)</b>	<b>\$ (28)</b>	<b>\$ (29)</b>
<b>Net Results</b>	<b>\$ (308)</b>	<b>\$ (355)</b>	<b>\$ (450)</b>	<b>\$ (458)</b>	<b>\$ (513)</b>
<b>Fund Balance Activity:</b>					
<b>Operating Fund</b>					
Beginning Balance	\$ 2,491	\$ 562	\$ (0)	\$ (450)	\$ (908)
Deposit/(Withdrawal) from/(to) Operations	(308)	(355)	(450)	(458)	(513)
Deposit/(Withdrawal) from/(to) Capital Fund	(1,621)	(207)	-	-	-
<b>Total Operating Fund Balance</b>	<b>\$ 562</b>	<b>\$ (0)</b>	<b>\$ (450)</b>	<b>\$ (908)</b>	<b>\$ (1,421)</b>
<b>Operating Fund - Days Cash on Hand</b>	<b>137.06</b>	<b>0.00</b>	<b>-102.06</b>	<b>-198.56</b>	<b>-299.54</b>
<b>Capital Fund</b>					
Beginning Balance	\$ (146)	\$ -	\$ (993)	\$ (2,093)	\$ (3,043)
Net Transfers In/(Out) from/(to) Operating Fund	1,621	207	-	-	-
Cash Funded Capital Projects	(1,475)	(1,200)	(1,100)	(950)	(1,050)
<b>Total Capital Fund Balance</b>	<b>\$ -</b>	<b>\$ (993)</b>	<b>\$ (2,093)</b>	<b>\$ (3,043)</b>	<b>\$ (4,093)</b>
<b>Ending Fund Balance</b>	<b>\$ 562</b>	<b>\$ (993)</b>	<b>\$ (2,543)</b>	<b>\$ (3,951)</b>	<b>\$ (5,514)</b>
<b>Debt Coverage</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



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## Section 3 – Cost-of-Service (COS) Analysis

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### 3.1 General

The costs incurred by a utility system are generally driven by specific service requirements imposed on the system by its customers. For water systems, the primary service requirements that drive costs include annual flow volumes, peaking flow volumes (i.e., peak day, and peak hour), the number of customers and the types of customers served. For sewer systems, the primary service requirements that drive costs include annual sewer volumes, sewer strength such as Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS), and the number and types of customers served.

There are several different options that can be used to perform a COS analysis, and the allocation methodology depends upon the basis applied. The water COS analysis performed for this rate study utilizes a common industry approach known as the base-extra capacity method. The sewer COS analysis involves an examination of the types of customers being served in accordance with the California State Water Resources Control Board (SWRCB) *Revenue Program Guidelines for Wastewater Agencies*.

### 3.2 Water Cost-of-Service

The COS utilizes the Revenue Requirements for the Test Year as a cost basis. The Test Year Revenue Requirements, as identified in the previous section of the Report, are functionally unbundled, classified and allocated to customer classes to determine the proportionate COS by class. More detail relating to the water COS approach can be found in **Appendix B**.

#### 3.2.1 Peaking Factors

System-wide peaking factors are used to derive the cost component allocation bases for Base Delivery and Max Day costs. Base Delivery represents average daily demand during the year, which has been normalized to a factor of 1.00. Based on data provided by City staff, the average water demand was .792 million gallons per day (MGD) and the Max Day water demand was 1.583 MGD in the most recent full year. The Max Day peaking factor shows that the system-wide Max Day demand is 1.999 (1.583 Max Day MGD divided by .792 Base Delivery) times greater than the average daily demand. The system-wide peaking factors are shown in **Table 12**.

The Max Day allocations are calculated as follows:

$$\text{Base Delivery: } .792 / 1.583 \times 100\% = 50.03\%$$

$$\text{Max Day: } (1.583 - .792) / 1.583 \times 100\% = 49.97\%$$



**Table 12 – Peaking Factors System-Wide**

Description	Demand (MGD)	Factor	Base	Max Day	Total
Avg Day	0.792	1.000	100.00%	0.00%	<b>100.00%</b>
Max Day	1.583	1.999	50.03%	49.97%	<b>100.00%</b>

Max Day customer-specific peaking factors are then developed, based on the maximum monthly usage divided by average monthly usage for each customer class. Since daily peaking statistics are not available for individual customer classes, the maximum month peaking factor from the customer/billing data is used as a proxy for the Max Day peaking factors. Using the customer billing data, peaking factors by customer class were calculated as shown in **Table 13**.

**Table 13 – Peaking Factors by Customer Class**

Description	Max Day Peaking Factor
<b>Residential, Commercial, Industrial, And City</b>	
All Flow	1.59
<b>Hydrant</b>	
All Flow	2.19
<b>Sprinkler</b>	
All Flow	0.00

Once peaking factors are determined, the Max Day demand of each customer class is calculated and shown in **Table 14**. Total annual usage is derived from the customer data and then converted to an average daily usage by dividing the total annual usage by 365 days in a year. Total Max Day capacity is developed by multiplying the customer-specific peaking factor (from **Table 13**) by the average daily usage to arrive at the total capacity required to meet each class's Max Day demand. The extra capacity required to meet Max Day demand is calculated by subtracting the average daily usage from the total required capacity for Max Day. The calculation of additional capacity to meet the Max Day demand for each customer class is shown in **Table 14**.



**Table 14 – Usage and Extra Capacity**

Description	Flow		Max Day	
	Total Annual Flow (CCF)	Average Daily Flow (CCF)	Peaking Factor	Total Capacity (CCF/Day)
<b>Residential, Commercial, Industrial, And City</b>				
All Flow	421,883.84	1,155.85	1.59	1,843.32
<b>Hydrant</b>				
All Flow	2,016.00	5.52	2.19	12.11
<b>Sprinkler</b>				
All Flow	-	-	-	-
<b>Total</b>	<b>423,899.84</b>	<b>1,161.37</b>		<b>1,855.43</b>

### 3.2.2 Functional Unbundling of Revenue Requirements

The water system costs are unbundled into operating components consisting of Supply/Treatment, Transmission, Distribution, Customer, and Administration functions. These are the primary services provided by most water utility systems to their customers. A brief description of each component is as follows:

- **Supply/Treatment** – the costs associated with obtaining and converting raw water to potable water;
- **Transmission** – the costs associated with major pumping and large diameter line facilities that transmit potable water throughout the system at-large;
- **Distribution** – the costs associated with smaller diameter lines that carry water to individual customer properties;
- **Customer** – the costs associated with metering, billing, and providing other services to customers (e.g., printing, delivering and collecting utility bills, recordkeeping, etc.);
- **Administration** – various overhead and other non-operating costs.

The allocation of the functionally unbundled revenue requirements for the Test Year are summarized in **Table 15**.



**Table 15 – Functionally Unbundled Cost Allocations**

Description	Test Year 2026
Total O&M	\$ 2,076,541
Existing Capital Lease	102,165
Future Debt Service	-
Other Expenditures & Transfers	881,118
<b>Gross Revenue Requirement</b>	<b>\$3,059,824</b>
Less Other Revenues	(140,770)
<b>Net Revenue Requirement</b>	<b>\$2,919,054</b>
<b>Functional Unbundled Revenue Requirement</b>	
Treatment	\$ 950,756
Transmission & Distribution	209,873
Admin	915,912
Existing Capital Lease	102,165
New Bond DS	-
CIP	2,650,000
Capital Outlay	23,690
Non-Rate Revenue	(140,770)
Fund Balance <sup>[1]</sup>	(1,792,572)
<b>Total</b>	<b>\$2,919,054</b>
<b>Notes:</b>	
[1] Represents a transfer from reserves to provide funding for capital outlay and CIP costs.	

### 3.2.3 Classification of Water System Costs

As previously addressed, the functionally unbundled water system Revenue Requirements are then classified using the base-extra capacity cost allocation method. Applying this methodology, costs are classified into the following categories:

- **Base Costs** – capital costs and O&M expenses associated with service to customers under average demand conditions. This category does not include any costs attributable to variations in water use resulting from peaks in demand. Base costs tend to vary directly with the total quantity of water used.
- **Maximum Day/Extra Capacity Costs** – costs attributable to facilities that are designed to meet peaking requirements. These costs include capital and operating costs for additional plant and system capacity beyond that required for average usage.
- **Meter Costs** - costs associated with meter maintenance, meter service, and other meter maintenance and operation-related costs.



- **Customer Costs** – costs associated with any aspect of customer service such as billing, collection, accounting, and recordkeeping. These costs are independent of the amount of water used and the size of the customer's meter and are not subject to peak demand factors.

As the name would indicate, using the base-extra capacity method, the costs are separated between those attributed to base capacity (and demand) and those attributed to extra capacity (and demand). Components such as treatment, transmission, and distribution are allocated based on flows and peaking factors. Administrative and customer-related costs are allocated based on ERUs.

Based on discussions with City staff, the general makeup of the customer base is not expected to change, so it is anticipated that the allocation percentages and factors will not change materially during the Projection Period. However, it is important to note that COS analyses are based on the data at a specific point in time (i.e., the most recent fiscal year). To the extent that weather conditions, economic conditions and customer usage characteristics change during the Projection Period, the cost allocators can be impacted. The system-wide costs by service characteristics are shown in **Table 16**.

**Table 16 - Classification of Unbundled Revenue Requirements**

Component	Meters & Services	Base	Extra Capacity Max Day	Sprinklers	Total
Treatment	\$ -	\$ 475,678	\$ 475,078	\$ -	\$ 950,756
Transmission & Distribution	-	105,003	104,870	-	209,873
Admin	876,242	-	-	39,670	915,912
Existing Capital Lease	102,165	-	-	-	102,165
New Bond DS	-	-	-	-	-
CIP	1,404,500	623,143	622,357	-	2,650,000
Capital Outlay	23,690	-	-	-	23,690
Non-Rate Rev & Fund Balance	(958,862)	(479,640)	(479,035)	(15,806)	(1,933,342)
<b>Total</b>	<b>\$1,447,736</b>	<b>\$ 724,184</b>	<b>\$ 723,270</b>	<b>\$ 23,864</b>	<b>\$2,919,054</b>

### 3.2.4 Allocation to Customer Classes and Unit Cost Development

The functionalized and classified Revenue Requirements are allocated to customer classes utilizing a unit cost approach as follows:

- **Base Costs** – Based on relative percentage of Base Annual Usage.
- **Maximum Day/Extra Capacity System Costs** – Based on relative percentage of Extra Capacity for the entire system.
- **Maximum Day/Extra Capacity Distribution Costs** – Based on relative percentage of Extra Capacity for the distribution system.



- **Meter Maintenance and Operating Costs** – Based on the relative percentage of ERUs the system serves through the varying capacity of different water meter sizes. These are costs representing the potential demand that a respective customer class can place on the water system due to the capacity of their assigned water meters, relative to other sized meters.
- **Customer Costs** – Based on the relative percentage of customers being served.

The units of service for each component of cost by customer class (if applicable) are provided in **Table 17**. The units of service consist of the number of accounts/units, ERUs, annual flows in 100 cubic feet (CCF) and Max Day extra capacity in CCF/Day. Accounts/Units are based on the number of customers as provided in the customer data. ERUs are based on the number of multi-family dwelling units being served and meter equivalencies in accordance with AWWA standards. For reference, **Table 20**, showing meter equivalency factors, follows in the next section (3.2.5) of this Report. Base Delivery is the total annual usage projected for the test year based on historical customer data. Max Day is the extra capacity demand result as previously developed in **Table 14**.

**Table 17 – Units of Service**

Description	Accounts/ Units	ERUs	Base (CCF)	Max Day (CCF/Day)
<b>Residential, Commercial, Industrial, And City</b>	<b>2,034.00</b>	<b>2,974.50</b>	<b>421,883.84</b>	<b>687.48</b>
All Flow			421,883.84	687.48
<b>Hydrant</b>	<b>7.00</b>	<b>56.00</b>	<b>2,016.00</b>	<b>6.59</b>
All Flow			2,016.00	6.59
<b>Sprinkler</b>	<b>78.00</b>	<b>137.20</b>	-	-
All Flow			-	-
<b>Total</b>	<b>2,119.00</b>	<b>3,167.70</b>	<b>423,899.84</b>	<b>694.06</b>

The Revenue Requirement for each cost component is divided by its respective unit of service to calculate a unit cost. The unit cost for each cost component is demonstrated in **Table 18**.

**Table 18 – Cost Per Unit**

Description	Meters & Services	Base	Extra Capacity Max Day	Sprinklers	Total
Total Revenue Requirement	\$ 1,447,736	\$ 724,184	\$ 723,270	\$ 23,864	\$ 2,919,054
Units of Service	3,030.50	423,899.84	694.06	137.20	
	ERU/Monthly	CCF	CCF/Day	ERU/Monthly	
<b>Cost Per Unit</b>	<b>\$ 39.81</b>	<b>\$ 1.71</b>	<b>\$ 1,042.08</b>	<b>\$ 14.49</b>	
	<b>ERU/Monthly</b>	<b>CCF</b>	<b>CCF/Day</b>	<b>ERU/Monthly</b>	



The allocation of the Revenue Requirement to each customer class is determined by multiplying the Units of Service for each customer class (from **Table 17**) by the Cost per Unit for each cost component (from **Table 18**). The resulting total cost to be recovered from each customer class by cost component is shown in **Table 19**. To calculate the ERU COS by Customer Class, the monthly Units of Service from **Table 17** are multiplied by twelve (12), representing the number of billing periods, to determine the total annual ERUs being served, then that result is multiplied by the Cost per Unit shown in **Table 18**. For the Base Delivery and Max Day Costs, the Units of Service from **Table 17** are multiplied by the Costs per Unit from **Table 18**.

**Table 19 – Cost of Service by Customer Class and Cost Component**

Description	ERUs	Base (CCF)	Max Day (CCF/Day)	Total Costs
<b>Residential, Commerical, Industrial, And City</b>	<b>\$ 1,420,983</b>	<b>\$ 720,740</b>	<b>\$ 716,405</b>	<b>\$ 2,858,128</b>
All Flow		\$ 720,740	\$ 716,405	
<b>Hydrant</b>	<b>\$ 26,752</b>	<b>\$ 3,444</b>	<b>\$ 6,865</b>	<b>\$ 37,061</b>
All Flow		\$ 3,444	\$ 6,865	
<b>Sprinkler</b>	<b>\$ 23,864</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,864</b>
All Flow		\$ -	\$ -	
<b>Total</b>	<b>\$ 1,471,600</b>	<b>\$ 724,184</b>	<b>\$ 723,270</b>	<b>\$ 2,919,054</b>

### 3.2.5 Rate Design by Unit Cost

The unit costs developed in the previous section are used to develop the proposed rates for the Test Year. The fixed rate component is based on the total ERUs that the water system serves. The volumetric rate component is based on the annual usage and extra capacity requirements (Max Day).

The fixed meter charge is calculated on an ERU basis. As stated previously, the total ERUs being served are based on the number of multi-family dwelling units and meter equivalencies in accordance with AWWA standards. It is common practice in the utility rate-making industry to establish a rate structure that includes an incremental service availability charge (meter charge, sometimes also called a fixed charge) such that customers placing a greater potential demand requirement on the system (those with larger meters) will pay proportionately more for the service availability component. It is also common practice in the utility rate-making industry to determine the additional demand that multi-family customers place on the system by looking at the total dwelling units being served by multi-family accounts. Each multi-family dwelling unit being served is equivalent to one (1) ERU.

The methodology for incrementing the service availability charge is based upon standardized meter/capacity criteria established by the AWWA relative to the size and



capacity of water meters. The AWWA equivalent meter capacity criteria are commonly used to establish a standard unit of measure for customers, referred to as an ERU. Based upon established standards, an ERU is equivalent to one single-family residential connection with a 5/8-3/4-inch water meter (the typical standard meter sizes for a single-family residential customer in the City of Buellton). The applicable ERU factors for larger water meters are based upon the incremental increase in potential hydraulic capacity of those meters as compared to the standard meter size. These factors are derived from actual flow testing results as performed and defined by the AWWA and commonly utilized by the water and sewer utility industry. The AWWA equivalency factors can be applied to the meter charge for a 5/8-3/4-inch meter to calculate the applicable meter charges for each meter size. A full summary of the AWWA meter-size equivalency factors and how they are determined is provided in **Table 20**.

**Table 20 - AWWA Meter Equivalency Factors**

Description	AWWA Factors <sup>[1]</sup>	Multi-Family Residential Factors <sup>[2]</sup>
<b>Meter Size</b>		
5/8 - 3/4 Inch	1.00	1.00
1.0 Inch	2.50	1.00
1.5 Inch	5.00	1.00
2.0 Inch	8.00	1.00
3.0 Inch	15.00	1.00
4.0 Inch	25.00	1.00
6.0 Inch	50.00	1.00
8.0 Inch	80.00	1.00
Hydrant <sup>[3]</sup>	8.00	1.00
<b>Notes:</b>		
[1] Meter-size equivalency factors established by the AWWA and identified in AWWA Standards C700, M1 and M22.		
[2] Multi-Family Customers are assigned a meter factor of 1.00, regardless of meter size, since a multi-family account's total ERUs are determined based on the total number of dwelling units that they serve.		
[3] Based on discussions with City staff, it was determined that a "Hydrant" customer's potential demand is equivalent to a 2.0 inch meter.		

**Table 21** provides an illustration of how the meter-size equivalency factors are applied to customer accounts by meter-size and how the total multi-family dwelling units being served are used to determine the total ERUs that the water system serves.



**Table 21 – Total Monthly Accounts/Dwelling Units & ERUs**

Description	Meter Factor	Total Accounts /Units	Total Equivalent Residential Units
	[A]	[B]	[C]=[A]*[B]
<b>Meter Size</b>			
5/8 - 3/4 Inch	1.00	1,272	1,272.00
1.0 Inch	2.50	81	202.50
1.5 Inch	5.00	28	140.00
2.0 Inch	8.00	86	688.00
3.0 Inch	15.00	4	60.00
4.0 Inch	25.00	-	-
6.0 Inch	50.00	1	50.00
8.0 Inch	80.00	-	-
Hydrant	8.00	7	56.00
Multi-Family (Shown in Dwelling Units)	1.00	562	562.00
<b>All Customer Total</b>		<b>2,041</b>	<b>3,030.50</b>
<b>Plus:</b>			
<b>Sprinklers</b>			
4.0 Inch	1.00	26	26.00
6.0 Inch	2.00	46	92.00
8.0 Inch	3.20	6	19.20
<b>Sprinklers Total</b>		<b>78</b>	<b>137.20</b>
<b>Water System Total</b>		<b>2,119</b>	<b>3,167.70</b>

The proposed monthly fixed charges based on the types of customers and total ERUs that the water system serves for the Test Year are shown in **Table 22**.



**Table 22 – Monthly Fixed Charge Calculation**

Meter Size <sup>[1]</sup>	Capacity Ratio	Meter Charge	Proposed Fixed Charge
<b>General Service</b>			
5/8 - 3/4 Inch	1.00	\$ 39.81	\$ <b>39.81</b>
1.0 Inch	2.50	\$ 99.53	\$ <b>99.53</b>
1.5 Inch	5.00	\$ 199.05	\$ <b>199.05</b>
2.0 Inch	8.00	\$ 318.48	\$ <b>318.48</b>
3.0 Inch	15.00	\$ 597.15	\$ <b>597.15</b>
4.0 Inch	25.00	\$ 995.25	\$ <b>995.25</b>
6.0 Inch	50.00	\$ 1,990.51	\$ <b>1,990.51</b>
8.0 Inch	80.00	\$ 3,184.81	\$ <b>3,184.81</b>
Hydrant	8.00	\$ 318.48	\$ <b>318.48</b>
<b>Sprinklers</b>			
4.0 Inch	1.00	\$ 14.49	\$ <b>14.49</b>
6.0 Inch	2.00	\$ 28.99	\$ <b>28.99</b>
8.0 Inch	3.20	\$ 46.38	\$ <b>46.38</b>
<b>Notes</b>			
[1] All multi-family customers pay the 5/8-3/4 inch rate per dwelling unit.			

The water volumetric rates are made up of two different rate components. The first component is for base usage and related costs. The second component represents peak usage and peaking costs (the Max Day cost component). The Max Day peak demand costs for each customer class (from **Table 19**) are divided by the annual usage to calculate the peaking unit costs shown in **Table 23**.

**Table 23 – Peaking Unit Cost Calculation**

Rate Class	Peaking Costs	Annual Use (CCF)	Peaking Unit Cost
	[A]	[B]	[C]=[A]/[B]
<b>Residential, Commercial, Industrial, And City</b>			
All Flow	\$ 716,405	421,883.84	\$ 1.70
<b>Hydrant</b>			
All Flow	\$ 6,865	2,016.00	\$ 3.41
<b>Sprinkler</b>			
All Flow	\$ -	-	\$ -
<b>Total</b>	<b>\$ 723,270</b>	<b>423,899.84</b>	



The peaking unit costs are then added to the base unit cost of **\$1.71** per 100 cubic feet (as previously identified in **Table 18**) to calculate the proposed volumetric rates for each customer class as shown in **Table 24**.

**Table 24 – Volumetric Rate Calculation**

Rate Class	Base	Peaking	Proposed Rate (\$/CCF)
	[A]	[B]	[C]=[A]+[B]
<b>Residential, Commercial, Industrial, And City</b>			
All Flow	\$ 1.71	\$ 1.70	\$ 3.41
<b>Hydrant</b>			
All Flow	\$ 1.71	\$ 3.41	\$ 5.11
<b>Sprinkler <sup>[1]</sup></b>			
All Flow	\$ 1.71	\$ 1.70	\$ 3.41
<b>Notes:</b>	<p>[1] Since there is no usage or peaking affiliated with "Sprinkler", these customers will be billed at the same rate per CCF as "Residential, Commercial, Industrial, and City" if usage does occur. Sprinklers are used on an as needed basis for fire suppression purposes only. Therefore, no usage has been included in this analysis.</p>		



### 3.2.6 Cost-of-Service and Revenue Check

Once the rates are developed from the unit cost analysis, as shown in **Sections 3.2.4 and 3.2.5**, they are then applied to the customer service units identified in **Table 17**. The unit cost rates are applied to the customer service units to ensure that the rates calculated under the base-extra capacity method generate revenues from each customer class equitably and in a manner that reflects the costs associated with serving them. The revenues generated by customer class and the cost allocated to each customer class are provided in **Table 25**.

**Table 25 – Proposed Rate Revenues vs COS**

Description	Monthly ERUs	Monthly Meter Charge/ERU	Total Fixed Charge Revenues	Allocated Fixed Costs
	[A1]	[B1]	[C1]=[A1]*[B1]*12	[D1]
<b>Residential, Commercial, Industrial, And City</b>				
All Flow	2,974.50	\$ 39.81	\$ 1,420,983	\$ 1,420,983
<b>Hydrant</b>				
All Flow	56.00	\$ 39.81	\$ 26,752	\$ 26,752
<b>Sprinkler</b>				
All Flow	137.20	\$ 14.49	\$ 23,864	\$ 23,864
<b>Total</b>	<b>3,167.70</b>		<b>\$ 1,471,600</b>	<b>\$ 1,471,600</b>
Description	Annual Use (CCF)	Proposed Rate (\$/CCF)	Total Volumetric Revenues	Allocated Volumetric Costs
	[A2]	[B2]	[C2]=[A2]*[B2]	[D2]
<b>Residential, Commercial, Industrial, And City</b>				
All Flow	421,884	\$ 3.41	\$ 1,437,145	\$ 1,437,145
<b>Hydrant</b>				
All Flow	2,016	\$ 5.11	\$ 10,309	\$ 10,309
<b>Sprinkler</b>				
All Flow	-	\$ 3.41	\$ -	\$ -
<b>Total</b>	<b>423,900</b>		<b>\$ 1,447,454</b>	<b>\$ 1,447,454</b>



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## 3.3 Sewer Cost-of-Service

As with the water system, the COS analysis for the sewer utility utilizes the revenue requirements for the Test Year as the cost basis. The Test Year Revenue Requirements are functionally unbundled, classified and allocated to customer classes to determine the COS by class. As stated in **Section 3.1**, the sewer COS analysis involves an examination of sewer volumes, strength factors (i.e., BOD and TSS), and the number and type of customers served in accordance with the California State Water Resources Control Board (SWRCB) *Revenue Program Guidelines for Wastewater Agencies*. More detail relating to the sewer COS approach can be found in **Appendix C**.

### 3.3.1 Functional Unbundling of Revenue Requirements

The sewer system costs are unbundled into Collection, Treatment, Customer and Administration functions. A brief description of each component is as follows:

- **Collection** – costs associated with lines and facilities that transport wastewater from customer properties to treatment facilities;
- **Treatment** – costs associated with treating wastewater for disposal reclamation and/or discharge;
- **Customer** – costs associated with billing, and providing other services to customers (e.g., printing, delivering and collecting utility bills, recordkeeping, etc.).
- **Administration** – various overhead and other non-operating costs

The allocation of the functionally unbundled revenue requirements for the Test Year are summarized in **Table 26**.



**Table 26 - Functional Unbundled Cost Allocations**

Description	Test Year 2026
Total O&M	\$ 1,497,019
Existing Capital Lease	64,635
Future Debt Service	-
Other Expenditures & Transfers	278,005
<b>Gross Revenue Requirement</b>	<b>\$ 1,839,659</b>
Less Other Revenues	(35,650)
<b>Net Revenue Requirement</b>	<b>\$ 1,804,009</b>
<b>Functional Unbundled Revenue Requirement</b>	
Treatment	\$ 587,936
Collection	179,735
Administration	729,348
CIP	1,475,000
Capital Outlay	25,750
Existing Capital Lease	64,635
New Bond DS	-
Non-Rate Revenue	(35,650)
Fund Balance <sup>[1]</sup>	(1,222,745)
<b>Non-Rate Rev &amp; Fund Balance</b>	<b>\$ 1,804,009</b>
<b>Notes:</b>	
[1] Represents a transfer from reserves to provide funding for capital outlay and CIP costs.	

### 3.3.2 Classification of Revenue Requirements

The functionally unbundled Revenue Requirements for the sewer system are classified into fixed and volumetric customer components based on a methodology consistent with the WEF Manual of Practice No. 27. As discussed for the water COS analysis, it is anticipated that the allocation percentages will not change materially during the Projection Period. However, it is important to note that COS analyses are based on the data at a specific point in time (i.e., the most recent fiscal year). To the extent that weather conditions, economic conditions and customer usage characteristics change during the Projection Period, the cost allocators can be impacted. The system-wide costs by service characteristic are shown in **Table 27**.



**Table 27 - Classification of Unbundled Revenue Requirements**

Component	Admin	Volume	Capacity	Strength - BOD	Strength - SS	Total
Treatment	\$ -	\$ 58,852	\$ 58,852	\$ 220,568	\$ 249,663	\$ 587,936
Collection	-	89,868	89,868	-	-	179,735
Administration	729,348	-	-	-	-	729,348
CIP	737,500	73,860	73,860	276,605	313,175	1,475,000
Capital Outlay	25,750	-	-	-	-	25,750
Existing Capital Lease	64,635	-	-	-	-	64,635
New Bond DS	-	-	-	-	-	-
Non-Rate Rev & Fund Balance	(639,894)	(91,462)	(91,462)	(204,297)	(231,280)	(1,258,395)
<b>Total</b>	<b>\$ 917,339</b>	<b>\$ 131,118</b>	<b>\$ 131,118</b>	<b>\$ 292,876</b>	<b>\$ 331,558</b>	<b>\$ 1,804,009</b>

### 3.3.3 Allocation to Customer Classes and Unit Cost Development

The functionalized and classified Revenue Requirements are allocated to customer classes utilizing a unit cost approach as follows:

- **Collection** – Based on relative percentage of annual sewer usage;
- **Treatment** – Based on relative percentage of sewer strength discharge (BOD and TSS);
- **Customer** – Based on relative percentage of ERUs by customer class.

The units of service for each component of cost by customer class (if applicable) are provided in **Table 28**. The units of service consist of the number of customer accounts and associated ERUs, annual flows in 100 cubic feet, and sewer strength discharge. Customer accounts are based on the number of customers as provided in the customer data. ERUs for residential customers are based on the number of dwelling units, and non-residential customers are based on the number of accounts. Collection is the total annual sewer flows projected for the Test Year. BOD and TSS reflect the strength per pound of the sewer discharge collected by the City from each customer class based on standards for wastewater discharge included in the SWRCB Guidelines.



**Table 28 – Units of Service**

Description	Total Accounts	Total Units	CCF Flow	BOD Factor <sup>[1]</sup>	BOD Pounds	TSS Factor <sup>[1]</sup>	TSS Pounds
<b>Residential Classes</b>							
Single-Family	1,200	1,200	187,776	200	234,281	200	234,281
Multi-Family	408	556	30,243	200	37,733	200	37,733
Mobile Homes	2	319	25,440	200	31,741	200	31,741
<b>Sub-Total Residential</b>	<b>1,610</b>	<b>2,075</b>	<b>243,459</b>		<b>303,755</b>		<b>303,755</b>
<b>Non-Residential Classes</b>							
<b>Commercial</b>							
Commercial- Service	115	115	72,588	507	307,131	441	266,773
Commercial - Retail	28	28	2,268	150	2,837	150	2,837
<b>Sub-Total Commercial</b>	<b>143</b>	<b>143</b>	<b>74,856</b>		<b>309,969</b>		<b>269,610</b>
<b>Institutional</b>							
School/Church	4	4	3,360	130	3,643	100	2,802
City	5	5	660	130	716	100	550
<b>Sub-Total Institutional</b>	<b>9</b>	<b>9</b>	<b>4,020</b>		<b>4,358</b>		<b>3,353</b>
<b>Industrial</b>							
Industrial - Normal	19	19	4,742	168	6,644	29	1,147
Industrial - High	16	16	11,044	1,000	92,107	600	55,264
<b>Sub-Total Industrial</b>	<b>35</b>	<b>35</b>	<b>15,786</b>		<b>98,751</b>		<b>56,411</b>
<b>Sewer System Total</b>	<b>1,797</b>	<b>2,262</b>	<b>338,121</b>		<b>716,833</b>		<b>633,129</b>

**Notes:**

[1] Average strength factors for BOD and TSS are based on the State Water Resources Control Board Revenue Program Guidelines, Appendix G.

The Revenue Requirement for each cost component is divided by its respective unit of service to calculate a unit cost. The unit cost for each cost component is demonstrated in **Table 29**.

**Table 29 – Cost Per Unit**

Description	Admin	Volume	Capacity	Strength - BOD	Strength - SS	Total
Total Revenue Requirement	\$ 917,339	\$ 131,118	\$ 131,118	\$ 331,558	\$ 292,876	<b>\$ 1,804,009</b>
Units of Service	2,262	338,121	338,121	716,833	633,129	
	Units/Monthly	CCF	CCF	Pounds	Pounds	
<b>Cost Per Unit</b>	<b>\$ 33.80</b>	<b>\$ 0.39</b>	<b>\$ 0.39</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>	
	<b>Units/Monthly</b>	<b>CCF</b>	<b>CCF</b>	<b>Pounds</b>	<b>Pounds</b>	



The allocation of the Revenue Requirement to each customer class is based on the unit costs for each component multiplied by the units of service for each customer class. The total costs to be recovered from each customer class by rate component are shown in **Table 30**.

**Table 30 – Cost of Service by Customer Class and Cost Component**

Rate Class	Admin	Volume	Capacity	Strength - BOD	Strength - SS	Total
<b>Residential Classes</b>						
Single-Family	\$ 486,652	\$ 72,817	\$ 72,817	\$ 108,362	\$ 108,375	\$ 849,023
Multi-Family	225,482	11,728	11,728	17,453	17,455	283,845
Mobile Homes	129,368	9,865	9,865	14,681	14,683	178,463
<b>Non-Residential Classes</b>						
Commercial	57,993	29,028	29,028	143,370	124,718	384,136
Institutional	3,650	1,559	1,559	2,016	1,551	10,335
Industrial - Normal	7,705	1,839	1,839	3,073	531	14,987
Industrial - High	6,489	4,283	4,283	42,602	25,564	83,221
<b>Total</b>	<b>\$ 917,339</b>	<b>\$ 131,118</b>	<b>\$ 131,118</b>	<b>\$ 331,558</b>	<b>\$ 292,876</b>	<b>\$ 1,804,009</b>

### 3.3.4 Cost-of-Service and Revenue Check

Once the unit costs are developed and the costs associated with each customer class based on the units of service are determined in **Section 3.3.3**, rates can be developed to ensure that each customer class is generating sufficient revenues to cover their allocated cost of service. The proposed rate structure for the sewer rates are as follows:

- **Single-Family Residential Customers** – For single-family residential customers, the proposed rates will consist of only a flat fixed charge per single-family residential customer, regardless of usage.
- **Multi-Family Residential Customers** – For multi-family residential customers, the proposed rates will consist of only a flat fixed charge per dwelling unit, regardless of usage.
- **Mobile Home Residential Customers** – For mobile home residential customers, the proposed rates will consist of only a flat fixed charge per dwelling unit, regardless of usage.
- **Non-Residential Customers** – For non-residential customers, the proposed rates will consist of a fixed charge and a volumetric rate per 100 cubic feet based on each customer class's respective sewer strength discharge (i.e., commercial, institutional, industrial normal strength, and industrial high strength).

The revenues generated by customer class vs the cost allocated to each customer class are provided in **Table 31**.



**Table 31 – Proposed Rate Revenues vs COS**

Description	Monthly Dwelling Units	Proposed Monthly Fixed Fee	Total Fixed Fee Revenue	Billable Annual Volume (CCF)	Proposed Volumetric Rate	Total Volumetric Rate Revenues	Total Calculated Revenues	Total COS Revenues
	[A]	[B]	[C]=[A]*[B]*12	[D]	[E]	[F]=[D]*[E]	[G]=[C]+[F]	[H]
<b>Residential Classes</b>								
Single-Family	1,200	\$ 58.96	\$ 849,023	N/A	N/A	\$ -	\$ 849,023	\$ 849,023
Multi-Family	556	\$ 42.54	\$ 283,845	N/A	N/A	\$ -	\$ 283,845	\$ 283,845
Mobile Homes	319	\$ 46.62	\$ 178,463	N/A	N/A	\$ -	\$ 178,463	\$ 178,463
<b>Non-Residential Classes</b>								
Commercial	143	\$ 33.80	\$ 57,993	74,856	\$ 4.36	\$ 326,144	\$ 384,136	\$ 384,136
Institutional	9	\$ 33.80	\$ 3,650	4,020	\$ 1.66	\$ 6,685	\$ 10,335	\$ 10,335
Industrial - Normal	19	\$ 33.80	\$ 7,705	4,742	\$ 1.54	\$ 7,281	\$ 14,987	\$ 14,987
Industrial - High	16	\$ 33.80	\$ 6,489	11,044	\$ 6.95	\$ 76,732	\$ 83,221	\$ 83,221
<b>Total</b>	<b>2,262</b>		<b>\$1,387,167</b>	<b>94,662</b>		<b>\$ 416,842</b>	<b>\$1,804,009</b>	<b>\$1,804,009</b>

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## Section 4 – Proposed Test Year Rates

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### 4.1 General

The methodology used to calculate the recommended water and sewer rates proposed herein involves applying the projected customer units of service to the user rates developed in the preceding COS and rate analyses to calculate the estimated revenues (separately for water and sewer) that would be generated. Then, these projected revenues are compared to the estimated Test Year Revenue Requirements, and the water and/or sewer rates are adjusted on a percentage basis as necessary until the revenues generated are sufficient to meet the revenue needs of each utility system, respectively.

When reviewing potential rate structure options in conjunction with the need for additional revenues, it was determined that revenue adjustments are needed, and the existing rate structure needs to be adjusted based on the COS analysis. The proposed water and sewer rates for the Test Year are provided again in **Tables 32 and 33**, respectively.

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**Table 32 – Proposed Monthly Water Rates**

Description	Rate
<b>Monthly Fixed Charge:</b>	
5/8 - 3/4 Inch	\$ 39.81
1.0 Inch	\$ 99.53
1.5 Inch	\$ 199.05
2.0 Inch	\$ 318.48
3.0 Inch	\$ 597.15
4.0 Inch	\$ 995.25
6.0 Inch	\$ 1,990.51
8.0 Inch	\$ 3,184.81
Hydrant	\$ 318.48
Additional Dwelling Units <sup>[1]</sup>	\$ 39.81
<b>Monthly Fixed Charge - Sprinklers:</b>	
4.0 Inch	\$ 14.49
6.0 Inch	\$ 28.99
8.0 Inch	\$ 46.38
<b>Volumetric Rates Per 100 Cubic Feet:</b>	
Residential, Commercial, Industrial, and City	\$ 3.41
Hydrant	\$ 5.11
<b>Notes:</b>	
[1] All "Additional Dwelling Units" will be billed at the 5/8-3/4 inch meter rate per dwelling unit.	

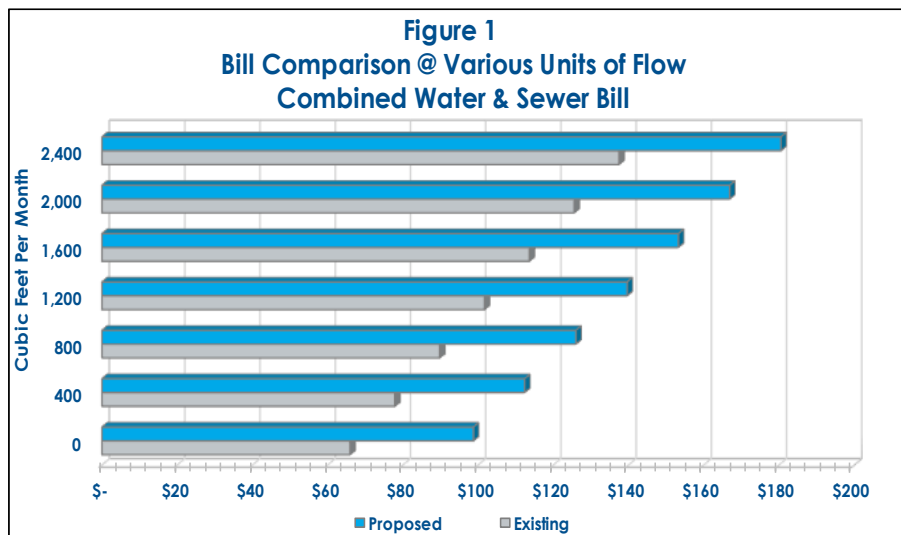


**Table 33 – Proposed Monthly Sewer Rates**

Description	Rate
<b>Monthly Fixed Charge <sup>[1]</sup>:</b>	
Single Family Dwelling	\$ 58.96
Multiple Dwelling	\$ 42.54
Multi Family - Townhomes & Condos	\$ 42.54
Multi Family - Apts	\$ 42.54
Multi Family - Per Additional Unit	\$ 42.54
Mobile Home Parks	\$ 46.62
Mobile Home Parks - Per Additional Unit	\$ 46.62
Motels - Service	\$ 33.80
Restaurant - Service	\$ 33.80
Fast Food/Bar - Service	\$ 33.80
Theaters/Banquet - Service	\$ 33.80
Camper/Trailer Parks (Unmetered)	\$ 33.80
Camper/Trailer Parks - Per Additional Space	\$ 33.80
Camper/Trailer Parks (Metered)	\$ 33.80
Schools	\$ 33.80
Churches (w/o School)	\$ 33.80
Other Commercial - Retail	\$ 33.80
Industrial Accounts	\$ 33.80
City Accounts	\$ 33.80
<b>Volumetric Rates Per 100 Cubic Feet <sup>[2]</sup>:</b>	
Single Family Dwelling	\$ -
Multiple Dwelling	\$ -
Multi Family - Townhomes & Condos	\$ -
Multi Family - Apts	\$ -
Mobile Home Parks	\$ -
Motels - Service	\$ 4.36
Restaurant - Service	\$ 4.36
Fast Food/Bar - Service	\$ 4.36
Theaters/Banquet - Service	\$ 4.36
Camper/Trailer Parks (Unmetered)	\$ -
Camper/Trailer Parks (Metered)	\$ 4.36
Schools	\$ 1.66
Churches (w/o School)	\$ 1.66
Other Commercial - Retail	\$ 4.36
Industrial Accounts - Normal	\$ 1.54
Industrial Accounts - High	\$ 6.95
City Accounts	\$ 1.66
<b>Notes:</b>	
[1] All single-family residential, multi-family residential, and mobile home customers only pay a flat fee per dwelling unit, regardless of usage.	
[2] Under the proposed rates, non-residential customers will pay the volumetric rate per 100 cubic feet for all usage.	



## 4.2 Typical Monthly Bill Comparison



In addition to reviewing the effect that a change in the rates will have on the system revenues, it is also important for City utility management to understand the impact that a change will have on the existing customers. **Tables 34, 35 and 36** provide a comparison of several monthly bills at various flow levels for

water and sewer, as well as the combined utility bills under the existing and proposed rates. A graphical illustration of a bill comparison at various units of flow is provided in **Figure 1** for a single-family residential customer with both water and sewer service. It was determined after conducting a historical billing analysis that an average single-family residential customer uses approximately 1,200 cubic feet monthly. Based on the proposed rates, a typical City single-family residential customer will experience an increase of **\$37.93** (\$101.72 current bill vs \$139.65 proposed bill) in their combined monthly water and sewer bill.

**Table 34 – Single-Family Residential Water Bill Impact**

Description	Monthly Flow (CF)	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
<b>Residential</b>				
5/8 Inch & 3/4 Inch	0	\$ 35.51	\$ 39.81	\$ 4.30
5/8 Inch & 3/4 Inch	100	\$ 38.49	\$ 43.22	\$ 4.73
5/8 Inch & 3/4 Inch	200	\$ 41.47	\$ 46.62	\$ 5.15
5/8 Inch & 3/4 Inch	300	\$ 44.45	\$ 50.03	\$ 5.58
5/8 Inch & 3/4 Inch	400	\$ 47.43	\$ 53.44	\$ 6.01
5/8 Inch & 3/4 Inch	500	\$ 50.41	\$ 56.84	\$ 6.43
5/8 Inch & 3/4 Inch	600	\$ 53.39	\$ 60.25	\$ 6.86
5/8 Inch & 3/4 Inch	700	\$ 56.37	\$ 63.66	\$ 7.29
5/8 Inch & 3/4 Inch	800	\$ 59.35	\$ 67.06	\$ 7.71
5/8 Inch & 3/4 Inch	1,000	\$ 65.31	\$ 73.88	\$ 8.57
5/8 Inch & 3/4 Inch	1,200	\$ 71.27	\$ 80.69	\$ 9.42
5/8 Inch & 3/4 Inch	1,400	\$ 77.23	\$ 87.50	\$ 10.27
5/8 Inch & 3/4 Inch	1,600	\$ 83.19	\$ 94.31	\$ 11.12
5/8 Inch & 3/4 Inch	2,000	\$ 95.11	\$ 107.94	\$ 12.83
5/8 Inch & 3/4 Inch	2,400	\$ 107.03	\$ 121.57	\$ 14.54



**Table 35 – Single-Family Residential Sewer Bill Impact**

Description	Monthly Flow (CF)	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
<b>Residential</b>				
5/8 Inch & 3/4 Inch	0	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	100	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	200	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	300	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	400	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	500	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	600	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	700	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	800	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	1,000	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	1,200	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	1,400	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	1,600	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	2,000	\$ 30.45	\$ 58.96	\$ 28.51
5/8 Inch & 3/4 Inch	2,400	\$ 30.45	\$ 58.96	\$ 28.51

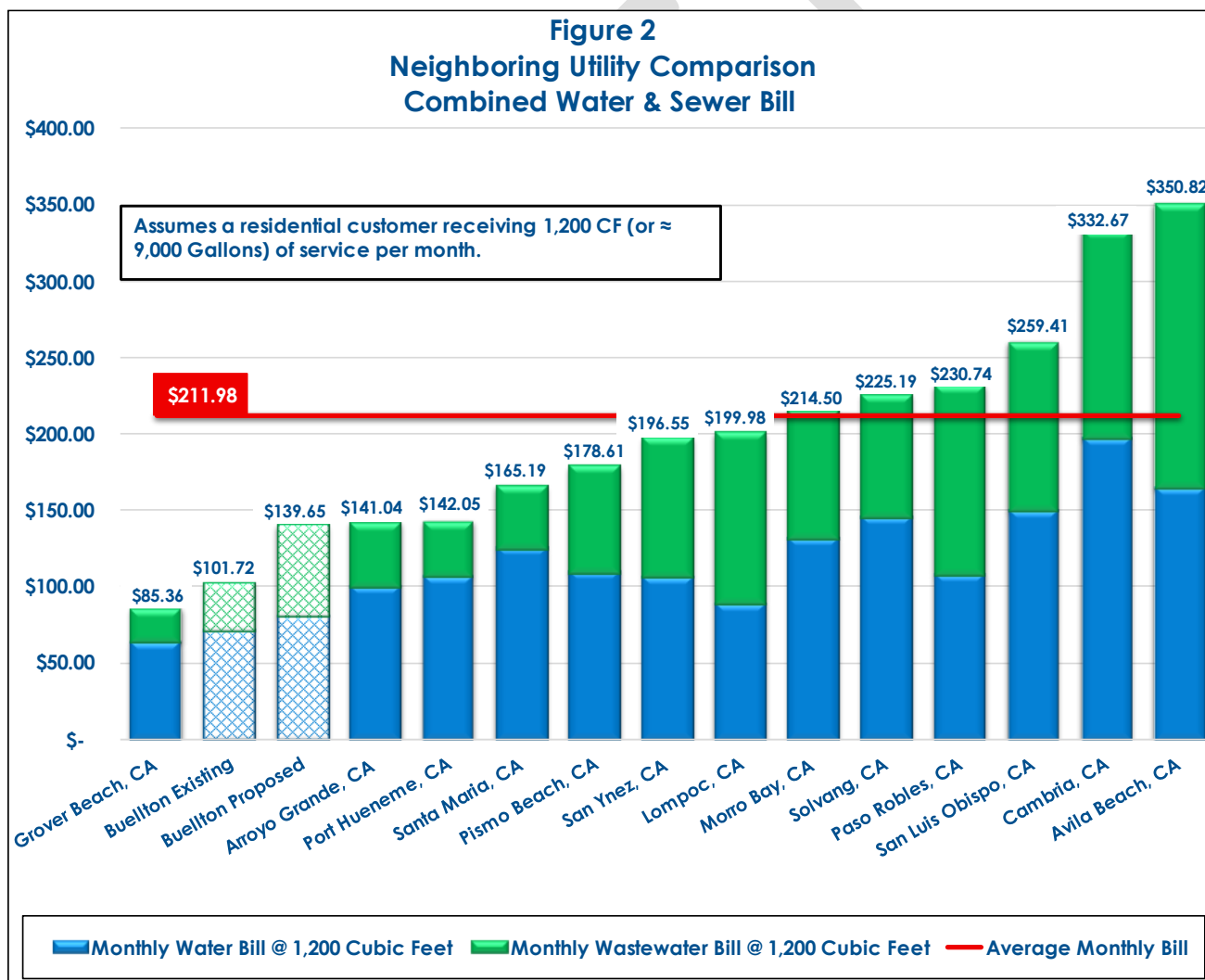
**Table 36 – Single-Family Residential Combined Bill Impact**

Description	Monthly Flow (CF)	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
<b>Residential</b>				
5/8 Inch & 3/4 Inch	0	\$ 65.96	\$ 98.77	\$ 32.81
5/8 Inch & 3/4 Inch	100	\$ 68.94	\$ 102.18	\$ 33.24
5/8 Inch & 3/4 Inch	200	\$ 71.92	\$ 105.58	\$ 33.66
5/8 Inch & 3/4 Inch	300	\$ 74.90	\$ 108.99	\$ 34.09
5/8 Inch & 3/4 Inch	400	\$ 77.88	\$ 112.40	\$ 34.52
5/8 Inch & 3/4 Inch	500	\$ 80.86	\$ 115.80	\$ 34.94
5/8 Inch & 3/4 Inch	600	\$ 83.84	\$ 119.21	\$ 35.37
5/8 Inch & 3/4 Inch	700	\$ 86.82	\$ 122.62	\$ 35.80
5/8 Inch & 3/4 Inch	800	\$ 89.80	\$ 126.02	\$ 36.22
5/8 Inch & 3/4 Inch	1,000	\$ 95.76	\$ 132.84	\$ 37.08
5/8 Inch & 3/4 Inch	1,200	\$ 101.72	\$ 139.65	\$ 37.93
5/8 Inch & 3/4 Inch	1,400	\$ 107.68	\$ 146.46	\$ 38.78
5/8 Inch & 3/4 Inch	1,600	\$ 113.64	\$ 153.27	\$ 39.63
5/8 Inch & 3/4 Inch	2,000	\$ 125.56	\$ 166.90	\$ 41.34
5/8 Inch & 3/4 Inch	2,400	\$ 137.48	\$ 180.53	\$ 43.05



### 4.3 Rate Comparison with Other Utilities

To provide the City with additional insight and context regarding the proposed rate levels, the analysis includes a comparison of both the existing and proposed user rates relative to the user rates imposed by other water and sewer utility systems located in the same region. A summary analysis is provided comparing the cost of monthly water and sewer service for a typical single-family residential customer calculated under the existing and proposed rates of the City with those of the other utilities. The rates utilized for the other neighboring utilities shown in **Figure 2** were in effect as of April 2025 and are exclusive of local taxes, outside surcharges, franchise fees, regulatory fees, or other rate adjustments. A summary comparison with other utilities for a single-family residential customer receiving 1,200 cubic feet of service per monthly billing is illustrated in **Figure 2**.





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It should be noted that when making comparisons of water and sewer service with other providers, several factors affect the level of rates and charges. Such factors may include:

- 1) Terms of wholesale service agreements;
- 2) Time since last rate update for comparison providers;
- 3) Level of treatment required before the distribution of water to the ultimate customers;
- 4) Level of treatment and effluent disposal or discharge methods of sewer service;
- 5) Anticipated capital improvement programs and capital financing methods;
- 6) Plant capacity utilization, age of facilities, and assistance in construction by federal or state grants, connection fees, developer contributions, etc.;
- 7) General Fund and/or administrative fee transfers made by other systems which may account for differences in the level of rates charged; and
- 8) Bond covenants and funding requirements of the rates.

For the utilities included in the rate comparisons, no analysis has been carried out with consideration of the above-mentioned factors as they relate to the reported water and sewer rates currently being charged.



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## Section 5 – Projected Operating Results

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### 5.1 General

As a conclusion to the study, individual pro-forma operating statements are developed for both the water and sewer systems. The statements summarize the projected financial results based on the system revenues, expenses and other Revenue Requirements anticipated in future years.

The individual operating statements cover the 5-fiscal year Projection Period through June 30, 2030, and are prepared on a cash-flow basis. In addition, the individual statements include the applicable annual percentage rate adjustments necessary to meet the projected Revenue Requirements. The annual rate adjustments are considered separately for both water and sewer and are further separated by the fixed charge and volumetric rate components. The following discussions describe the development of the major components of the projected operating results.

### 5.2 Projected User Rate Revenues

The user rate and charge revenues are estimated by applying the existing and proposed rates to the projected customer units of service. The revenues for the Projection Period are estimated separately for both water and sewer. The resulting revenues are then compared to the projected Revenue Requirements (i.e., O&M expenses, debt service, capital outlay, CIP, transfers, etc.) in each fiscal year to determine if the revenues are sufficient to satisfy the expenditure needs of the system. To the extent that there are revenue shortfalls in any given year of the Project Period, the water and/or sewer rates developed from the COS and Rate analyses outlined previously in **Section 3** of this Report are adjusted on a percentage basis, as necessary, to generate the required level of revenues. The projected water, sewer and combined user rate revenues are provided in **Table 37**.



**Table 37 – Projected User Rate Revenues**

System	Existing	Proposed	Projected Fiscal Year Ending June 30,			
	2026	2026	2027	2028	2029	2030
<b>Water Revenue</b>						
Single-Family	\$ 1,107,855	\$ 1,252,246	\$ 1,400,649	\$ 1,566,211	\$ 1,734,962	\$ 1,905,203
Multi-Family	147,881	186,507	205,953	227,423	249,475	270,463
Condo	161,854	183,611	202,669	223,703	244,673	265,150
Mobile Homes	108,858	113,552	124,907	137,397	149,763	161,745
Commercial - Retail	90,130	97,672	107,440	118,184	128,819	139,125
Commercial- Service	546,927	599,496	659,444	725,388	790,674	853,927
School/Church	77,001	84,888	93,377	102,715	111,961	120,916
Industrial	143,287	155,023	170,524	187,577	204,459	220,815
Hydrant	29,783	37,061	40,768	44,844	48,880	52,790
Sprinkler	27,241	26,946	29,642	32,605	35,540	38,383
City	164,636	182,052	200,256	220,283	240,108	259,317
<b>Total Water Revenue</b>	<b>\$ 2,605,453</b>	<b>\$ 2,919,054</b>	<b>\$ 3,235,629</b>	<b>\$ 3,586,330</b>	<b>\$ 3,939,314</b>	<b>\$ 4,287,834</b>
<b>Sewer Revenue</b>						
Single-Family	\$ 438,480	\$ 849,023	\$ 1,209,433	\$ 1,414,769	\$ 1,510,625	\$ 1,598,416
Commercial - Retail	25,307	21,237	29,731	34,192	35,901	37,337
Commercial- Service	439,576	362,899	508,059	584,268	613,482	638,021
School/Church	3,041	7,209	10,093	11,608	12,188	12,675
Industrial - Normal	31,628	14,987	20,981	24,129	25,336	26,348
Industrial - High	72,924	83,221	116,509	133,986	140,685	146,312
City	3,643	3,126	4,376	5,031	5,283	5,495
Multi-Family	81,840	138,859	196,547	227,674	240,784	252,210
Condo	89,076	144,986	203,694	235,071	247,687	258,493
Mobile Homes	58,628	178,463	249,847	287,324	301,690	313,758
<b>Total Sewer Revenue</b>	<b>\$ 1,244,143</b>	<b>\$ 1,804,009</b>	<b>\$ 2,549,270</b>	<b>\$ 2,958,052</b>	<b>\$ 3,133,661</b>	<b>\$ 3,289,065</b>
<b>Total Combined Revenue</b>	<b>\$ 3,849,596</b>	<b>\$ 4,723,063</b>	<b>\$ 5,784,899</b>	<b>\$ 6,544,382</b>	<b>\$ 7,072,975</b>	<b>\$ 7,576,899</b>

The projected revenues include the annual water and sewer rate adjustments anticipated for the remaining years of Projection Period beyond the Test Year. The proposed user rates from which the projected operating results are developed for the entire 5-fiscal year Projection Period are provided in **Tables 38 and 39**. The rates identified in the proceeding tables reflect the cost of providing service to individual customer classes based on the types of customers being served, peak demand factors, volume of flow, and strength characteristics.



**Table 38 – Proposed Monthly Water Rates**

Description	Existing Rates	Projected For Fiscal Year Ending June 30:				
		2026	2027	2028	2029	2030
<b>Monthly Fixed Charge:</b>						
5/8 - 3/4 Inch	\$ 35.51	\$ 39.81	\$ 43.79	\$ 48.17	\$ 52.51	\$ 56.71
1.0 Inch	\$ 96.89	\$ 99.53	\$ 109.48	\$ 120.43	\$ 131.26	\$ 141.77
1.5 Inch	\$ 191.90	\$ 199.05	\$ 218.96	\$ 240.85	\$ 262.53	\$ 283.53
2.0 Inch	\$ 301.60	\$ 318.48	\$ 350.33	\$ 385.36	\$ 420.04	\$ 453.65
3.0 Inch	\$ 646.19	\$ 597.15	\$ 656.87	\$ 722.55	\$ 787.58	\$ 850.59
4.0 Inch	\$ 1,176.31	\$ 995.25	\$ 1,094.78	\$ 1,204.26	\$ 1,312.64	\$ 1,417.65
6.0 Inch	\$ 2,511.90	\$ 1,990.51	\$ 2,189.56	\$ 2,408.51	\$ 2,625.28	\$ 2,835.30
8.0 Inch	\$ 3,364.78	\$ 3,184.81	\$ 3,503.29	\$ 3,853.62	\$ 4,200.45	\$ 4,536.48
Hydrant	\$ 50.00	\$ 318.48	\$ 350.33	\$ 385.36	\$ 420.04	\$ 453.65
Additional Dwelling Units <sup>[1]</sup>	\$ 24.86	\$ 39.81	\$ 43.79	\$ 48.17	\$ 52.51	\$ 56.71
<b>Monthly Fixed Charge - Sprinklers:</b>						
4.0 Inch	\$ 19.29	\$ 14.49	\$ 15.94	\$ 17.54	\$ 19.12	\$ 20.65
6.0 Inch	\$ 28.53	\$ 28.99	\$ 31.89	\$ 35.08	\$ 38.23	\$ 41.29
8.0 Inch	\$ 38.58	\$ 46.38	\$ 51.02	\$ 56.12	\$ 61.18	\$ 66.07
<b>Volumetric Rates Per 100 Cubic Feet:</b>						
Residential, Commerical, Industrial, and City	\$ 2.98	\$ 3.41	\$ 3.75	\$ 4.12	\$ 4.49	\$ 4.85
Hydrant	\$ 12.69	\$ 5.11	\$ 5.62	\$ 6.19	\$ 6.74	\$ 7.28
<b>Notes:</b>						
[1] Under the proposed rates, all "Additional Dwelling Units" will now be billed at the 5/8-3/4 inch meter rate per dwelling unit.						



**Table 39 – Proposed Monthly Sewer Rates**

Description	Existing Rates	Projected For Fiscal Year Ending June 30:				
		2026	2027	2028	2029	2030
<b>Monthly Fixed Charge <sup>[1]</sup>:</b>						
Single Family Dwelling	\$ 30.45	\$ 58.96	\$ 82.54	\$ 94.93	\$ 99.67	\$ 103.66
Multiple Dwelling	\$ 30.45	\$ 42.54	\$ 59.56	\$ 68.49	\$ 71.92	\$ 74.80
Multi Family - Townhomes & Condos	\$ 30.45	\$ 42.54	\$ 59.56	\$ 68.49	\$ 71.92	\$ 74.80
Multi Family - Apts	\$ 30.45	\$ 42.54	\$ 59.56	\$ 68.49	\$ 71.92	\$ 74.80
Multi Family - Per Additional Unit	\$ 21.31	\$ 42.54	\$ 59.56	\$ 68.49	\$ 71.92	\$ 74.80
Mobile Home Parks	\$ 30.45	\$ 46.62	\$ 65.27	\$ 75.06	\$ 78.81	\$ 81.96
Mobile Home Parks - Per Additional Unit	\$ 15.22	\$ 46.62	\$ 65.27	\$ 75.06	\$ 78.81	\$ 81.96
Motels - Service	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Restaurant - Service	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Fast Food/Bar - Service	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Theaters/Banquet - Service	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Camper/Trailer Parks (Unmetered)	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Camper/Trailer Parks - Per Additional Space	\$ 15.22	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Camper/Trailer Parks (Metered)	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Schools	\$ 29.98	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Churches (w/o School)	\$ 29.98	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Other Commercial - Retail	\$ 68.44	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
Industrial Accounts	\$ 46.76	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
City Accounts	\$ 60.72	\$ 33.80	\$ 47.31	\$ 54.41	\$ 57.13	\$ 59.42
<b>Volumetric Rates Per 100 Cubic Feet <sup>[2]</sup>:</b>						
Single Family Dwelling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multiple Dwelling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi Family - Townhomes & Condos	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi Family - Apts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile Home Parks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motels - Service	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Restaurant - Service	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Fast Food/Bar - Service	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Theaters/Banquet - Service	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Camper/Trailer Parks (Unmetered)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Camper/Trailer Parks (Metered)	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Schools	\$ 0.56	\$ 1.66	\$ 2.33	\$ 2.68	\$ 2.81	\$ 2.92
Churches (w/o School)	\$ 0.56	\$ 1.66	\$ 2.33	\$ 2.68	\$ 2.81	\$ 2.92
Other Commercial - Retail	\$ 6.05	\$ 4.36	\$ 6.10	\$ 7.01	\$ 7.37	\$ 7.66
Industrial Accounts - Normal	\$ 7.26	\$ 1.54	\$ 2.15	\$ 2.47	\$ 2.60	\$ 2.70
Industrial Accounts - High	\$ 7.26	\$ 6.95	\$ 9.73	\$ 11.19	\$ 11.75	\$ 12.22
City Accounts	\$ -	\$ 1.66	\$ 2.33	\$ 2.68	\$ 2.81	\$ 2.92

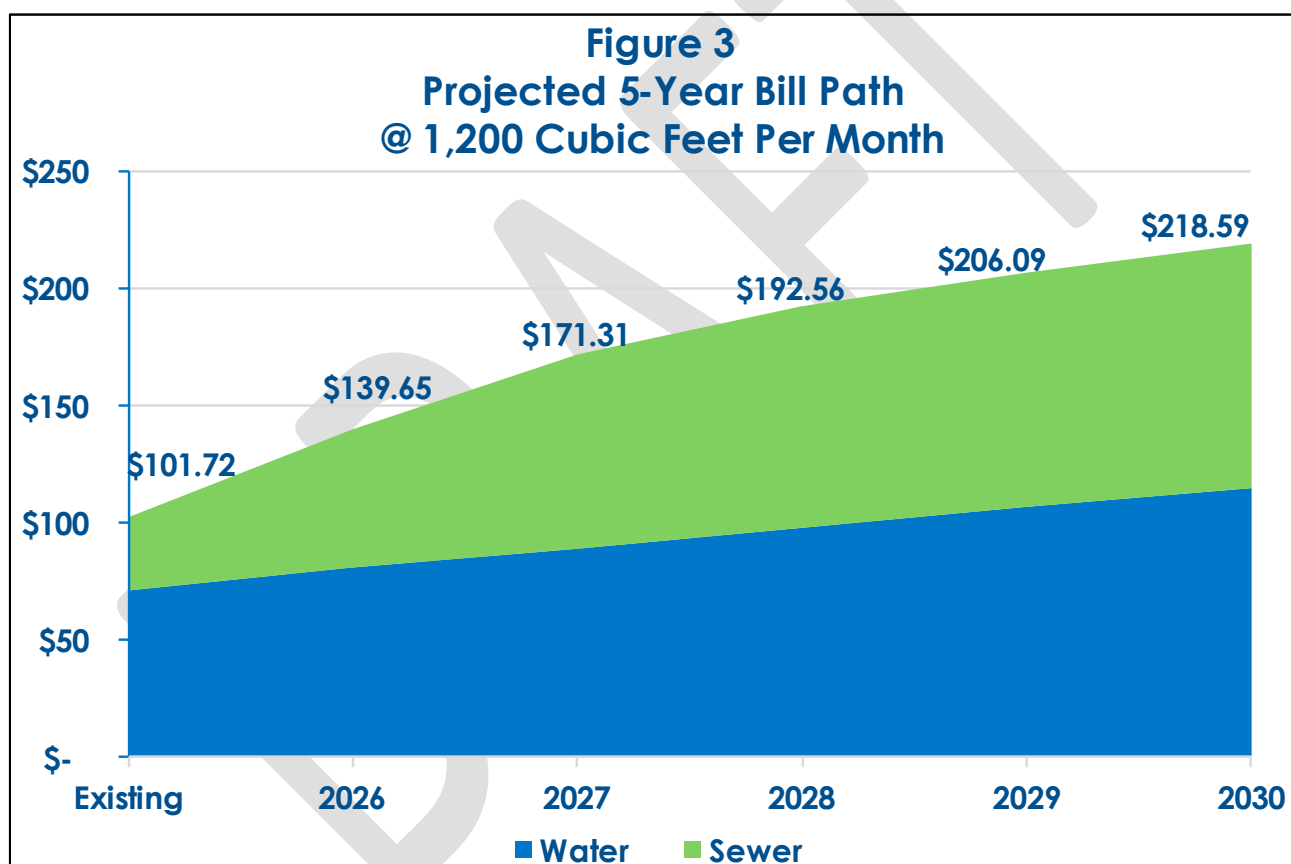
**Notes:**

[1] All single-family residential, multi-family residential, and mobile home customers only pay a flat fee per dwelling unit, regardless of usage.

[2] Under the existing rates, non-residential customers pay the volumetric rate per 100 cubic feet once they exceed 1,400 cubic feet of usage. Under the proposed rates, non-residential customers will pay the volumetric rate per 100 cubic feet for all usage.



The projected user rates provided herein for the periods beyond the Test Year are intended for strategic planning purposes, and to provide the City with the estimated future rates that may be needed to satisfy the projected cash flow requirements. The rates are developed in accordance with the assumed customer, flow, expenditure, and revenue estimates projected in this rate study. It is important to note that, since it is necessary to utilize numerous assumptions to develop the projected operating results, to the extent that actual customers, flows and/or system expenditures differ from those assumed herein, additional rate adjustments may be required. For informative purposes, a calculation of the typical monthly bill for a representative City single-family residential customer based on the projected rates, for each year of the Projection Period is included herein. An illustration of the projected bill path is provided in **Figure 3**.





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## 5.3 Debt Service Coverage

As stated previously in **Section 2.3.3**, The City currently has no outstanding debt associated with either the water or sewer utility system, and based on discussions with the City, there are also no anticipated future debt issuances expected to occur over the Projection Period. Therefore, no annual debt service payments or debt service ratio calculations are included in the analysis and Projection Period.

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## 5.4 Summary of Projected Operating Results

The cash-flow statements outlining the projected operating results are summarized in **Tables 40** and **41** for the water and sewer systems, respectively. The results demonstrate that the proposed rates and charges along with the other respective system revenues are anticipated to be sufficient to satisfy the projected Revenue Requirements and capital needs for each respective utility system.

**Table 40 – Water System Projected Operating Results**

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)				
	Proposed 2026	2027	2028	2029	2030
<b>Revenues:</b>					
Water Sales	\$ 2,919	\$ 3,236	\$ 3,586	\$ 3,939	\$ 4,288
Other Revenues	141	141	141	141	141
<b>Total Revenues</b>	<b>\$ 3,060</b>	<b>\$ 3,376</b>	<b>\$ 3,727</b>	<b>\$ 4,080</b>	<b>\$ 4,429</b>
O&M Expenses	(2,077)	(2,189)	(2,272)	(2,338)	(2,437)
Capital Lease	(102)	(107)	(96)	(118)	(123)
<b>Net Operating Results</b>	<b>\$ 881</b>	<b>\$ 1,080</b>	<b>\$ 1,359</b>	<b>\$ 1,624</b>	<b>\$ 1,868</b>
<b>Other Expenditures &amp; Transfers:</b>					
Capital Outlay	\$ (24)	\$ (79)	\$ (25)	\$ (26)	\$ (27)
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Expenditures &amp; Transfers</b>	<b>\$ (24)</b>	<b>\$ (79)</b>	<b>\$ (25)</b>	<b>\$ (26)</b>	<b>\$ (27)</b>
<b>Net Results</b>	<b>\$ 857</b>	<b>\$ 1,001</b>	<b>\$ 1,334</b>	<b>\$ 1,598</b>	<b>\$ 1,842</b>
<b>Fund Balance Activity:</b>					
<b>Operating Fund</b>					
Beginning Balance	\$ 1,030	\$ 1,024	\$ 1,079	\$ 1,121	\$ 1,153
Deposit/(Withdrawal) from/(to) Operations	857	1,001	1,334	1,598	1,842
Deposit/(Withdrawal) from/(to) Capital Fund	(863)	(946)	(1,293)	(1,565)	(1,793)
<b>Total Operating Fund Balance</b>	<b>\$ 1,024</b>	<b>\$ 1,079</b>	<b>\$ 1,121</b>	<b>\$ 1,153</b>	<b>\$ 1,202</b>
<b>Operating Fund - Days Cash on Hand</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>
<b>Capital Fund</b>					
Beginning Balance	\$ 8,164	\$ 6,377	\$ 4,923	\$ 3,266	\$ 2,632
Net Transfers In/(Out) from/(to) Operating Fund	863	946	1,293	1,565	1,793
Cash Funded Capital Projects	(2,650)	(2,400)	(2,950)	(2,200)	(2,700)
<b>Total Capital Fund Balance</b>	<b>\$ 6,377</b>	<b>\$ 4,923</b>	<b>\$ 3,266</b>	<b>\$ 2,632</b>	<b>\$ 1,725</b>
<b>Ending Fund Balance</b>	<b>\$ 7,402</b>	<b>\$ 6,002</b>	<b>\$ 4,387</b>	<b>\$ 3,785</b>	<b>\$ 2,926</b>
<b>Debt Coverage</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



**Table 41 – Sewer System Projected Operating Results**

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)				
	Proposed 2026	2027	2028	2029	2030
<b>Revenues:</b>					
Wastewater Sales	\$ 1,804	\$ 2,549	\$ 2,958	\$ 3,134	\$ 3,289
Other Revenues	36	36	36	36	36
<b>Total Revenues</b>	<b>\$ 1,840</b>	<b>\$ 2,585</b>	<b>\$ 2,994</b>	<b>\$ 3,169</b>	<b>\$ 3,325</b>
O&M Expenses	(1,497)	(1,552)	(1,610)	(1,670)	(1,732)
Capital Lease	(65)	(68)	(61)	(75)	(78)
<b>Net Operating Results</b>	<b>\$ 278</b>	<b>\$ 965</b>	<b>\$ 1,323</b>	<b>\$ 1,425</b>	<b>\$ 1,515</b>
<b>Other Expenditures &amp; Transfers:</b>					
Capital Outlay	\$ (26)	\$ (27)	\$ (83)	\$ (28)	\$ (29)
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<b>Total Other Expenditures &amp; Transfers</b>	<b>\$ (26)</b>	<b>\$ (27)</b>	<b>\$ (83)</b>	<b>\$ (28)</b>	<b>\$ (29)</b>
<b>Net Results</b>	<b>\$ 252</b>	<b>\$ 938</b>	<b>\$ 1,241</b>	<b>\$ 1,397</b>	<b>\$ 1,486</b>
<b>Fund Balance Activity:</b>					
<b>Operating Fund</b>					
Beginning Balance	\$ 708	\$ 738	\$ 766	\$ 794	\$ 823
Deposit/(Withdrawal) from/(to) Operations	252	938	1,241	1,397	1,486
Deposit/(Withdrawal) from/(to) Capital Fund	(222)	(911)	(1,212)	(1,368)	(1,455)
<b>Total Operating Fund Balance</b>	<b>\$ 738</b>	<b>\$ 766</b>	<b>\$ 794</b>	<b>\$ 823</b>	<b>\$ 854</b>
<b>Operating Fund - Days Cash on Hand</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>	<b>180.00</b>
<b>Capital Fund</b>					
Beginning Balance	\$ 1,637	\$ 384	\$ 95	\$ 207	\$ 625
Net Transfers In/(Out) from/(to) Operating Fund	222	911	1,212	1,368	1,455
Cash Funded Capital Projects	(1,475)	(1,200)	(1,100)	(950)	(1,050)
<b>Total Capital Fund Balance</b>	<b>\$ 384</b>	<b>\$ 95</b>	<b>\$ 207</b>	<b>\$ 625</b>	<b>\$ 1,030</b>
<b>Ending Fund Balance</b>	<b>\$ 1,122</b>	<b>\$ 860</b>	<b>\$ 1,001</b>	<b>\$ 1,448</b>	<b>\$ 1,884</b>
<b>Debt Coverage</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



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## Section 6 – Conclusions and Recommendations

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### 6.1 Disclaimers

#### 6.1.1 General Disclaimer

In the development of the proposed user rates and charges, certain historical reviews and analyses have been performed, together with the application of assumptions based on prudent financial, operational, and ratemaking relationships. The cost criteria and customer usage characteristics associated with general ratemaking procedures are representative of averages and are not intended as indicators of any individual customer.

In the preparation of the rate study, certain assumptions have been made with respect to conditions that may occur in the future. While it is believed that these assumptions are reasonable for the purpose of this update, they are dependent upon future events and actual conditions may differ from those assumed. In addition, the study has used and relied upon certain information that was provided by other parties not associated with Willdan. Such information includes, among other things, the City's audited financial statements, annual operating budgets, periodic reports, and other information and data provided by the City, its independent auditors, and other sources. While the sources are believed to be reliable, there has been no independent verification of the information, and no assurances are offered with respect thereto. To the extent that future conditions differ from those assumed herein or provided by others, the actual results may vary from those projected.

#### 6.1.2 Municipal Advisory Disclaimer

Unless the City of Buellton, California (the "City") has a written engagement from Willdan Financial Services ("Willdan") for municipal advisory services, Willdan is not advising or recommending any action be taken by the recipient of this information with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues). The City shall discuss any such information and material contained in Willdan's work product with any and all internal and/or external advisors and experts, including its own municipal advisor, that it deems appropriate before acting on the information and material.

For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the City with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the City, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the City, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it



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provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto.

## 6.2 Conclusions

As previously addressed, the purpose of this study is to provide a review of the City's existing utility rates to determine if rate adjustments are necessary to meet the budgeted and/or projected financial needs in future years. This Report is the result of the collaborative efforts of representatives from both the City and Willdan. City staff were diligent and cooperative in their efforts to ensure the availability and quality of source data on financial and operating matters. Based on the reviews, analyses and assumptions discussed herein, it is concluded that:

1. The proposed user rates and charges are anticipated to generate sufficient revenues to meet the Revenue Requirements of each respective system based upon the projected expenditures, capital project timing and costs, transfers, and billable customer units estimated for the Test Year. The proposed rates are based on an assumed implementation date of August 1, 2025. To the extent that the actual implementation date varies from the assumed implementation date, additional rate adjustments and/or appropriations from existing reserves may be necessary.
2. The estimated revenues and resulting rate adjustments for the remaining years of the Projection Period beyond the Test Year are developed based on the customer growth assumptions generated from the historical analyses and discussions with City staff.
3. Customer growth for the water and sewer systems is projected based on historical customer data as provided by the City as well as discussions with the City staff regarding developer activity and anticipated construction. If it turns out that the customer growth assumptions are not realized, the resulting revenues could be different than projected.
4. The projection of billable water and sewer flows is based on historical trends regarding the average flow per user for each customer class. The average water and sewer flow per account is developed from historical customer data and is assumed to remain relatively constant for the Projection Period. The historical billing data provided by the City was utilized to identify the average flow statistics for system customers. For the analyses developed herein, it is assumed that the average usage statistics for the Projection Period will be consistent with recent historical average usage levels as realized in recent years, or as otherwise assumed based on discussions with staff. When applying the estimated average usage statistics, it is assumed that the water and sewer



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sales will increase with the estimated growth in customers. However, it is important to note that annual variations in rainfall and other climatological factors may influence the level of future water demands and the accompanying billable sewer flows for the City.

5. Future capital improvement projects are assumed to occur as reported by the City in its CIP. To the extent that the timing of such projects may change from that estimated herein, the cost of such projects and resulting impact on future rates and charges may vary from those indicated.
6. The proposed rates and rate structure are consistent with industry standards for rate-setting practices, comply with Proposition 218 and conform to the City's financial policies with respect to:
  - a. Equitably recovering costs;
  - b. Being based upon the proportionate cost of providing services; and
  - c. Generating sufficient revenue to recover system Revenue Requirements, fund capital needs, and meet reserve requirements.

### 6.3 Recommendations

Based on the reviews, analyses and assumptions addressed herein, as well as the resulting conclusions provided above, it is respectfully recommended that the City:

1. Adopt the proposed water and sewer rates.
2. Enact the proposed rates to become effective as of August 1, 2025 (or other such date as determined by the City). Based on the timing of the project and the required public hearing procedures and noticing requirements, it is expected that the proposed water and sewer rates will become effective on the recommended date.
3. Readdress the COS analysis portion of this study every three to five years to ensure costs are recovered consistently with COS principles and customer characteristics.

We appreciate the opportunity to be of service to the City in this engagement. In addition, we would like to thank City staff for the valuable assistance provided during the completion of the rate study.

Respectfully Yours,

WILLDAN FINANCIAL SERVICES

# APPENDIX

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## DETAIL FOR THE COMPREHENSIVE WATER & SEWER UTILITY RATE STUDY



COMPREHENSIVE WATER & SEWER UTILITY RATE STUDY FOR THE  
CITY OF BUELLTON, CALIFORNIA



# APPENDIX A

## Revenue Requirement for User Rates

**APPENDIX - A**  
**CITY OF BUELLTON, CA**  
**Development of Rate Revenue Requirements**

Line No:	Description	[A]	[B]	[C]=[A]*[B]	[D]	[E]=[A]*[D]
		Test Year for Rate Revenue Requirement				
		FY 2026	% to Water	Water	% to Sewer	Sewer
1	<b>Total Operating Revenues</b>	<b>\$ 4,899,483</b>		<b>\$ 3,059,824</b>		<b>\$ 1,839,659</b>
	Less:					
	<b>Other Operating Revenues</b>					
2	Set-Up Fees	\$ 650	0%	\$ -	100%	\$ 650
3	Late Charges	5,000	0%	-	100%	5,000
4	Interest	30,000	0%	-	100%	30,000
5	Set-Up Fees	650	100%	650	0%	-
6	Late Charges	5,000	100%	5,000	0%	-
7	Bulk Water	8,500	100%	8,500	0%	-
8	Service Reinstatement Fee	20	100%	20	0%	-
9	Hydrant Permits	1,600	100%	1,600	0%	-
10	Interest	125,000	100%	125,000	0%	-
11	<b>Total Other Operating Revenues</b>	<b>176,420</b>		<b>140,770</b>		<b>35,650</b>
12	<b>Total Rate Revenue Requirement</b>	<b>\$ 4,723,063</b>	<b>62%</b>	<b>\$ 2,919,054</b>	<b>38%</b>	<b>\$ 1,804,009</b>

# APPENDIX B

## Water Cost-of-Service Analysis

# APPENDIX - B

## CITY OF BUELLTON, CA

### Allocation of Test Year Costs to Water Function

Test Year Revenue Requirement		
Line No:	Expense Group	FY 2026
1	Treatment	\$950,756
2	Transmission & Distribution	209,873
3	Admin	915,912
4	Transfers	0
5	Existing Capital Lease	102,165
6	New Bond DS	0
7	CIP	2,650,000
8	Capital Outlay	23,690
<b>9</b>	<b>Total</b>	<b>\$ 4,852,396</b>

**APPENDIX - B**  
**CITY OF BUELLTON, CA**

**Water Customer and Equivalent Residential Unit Calculation - Test Year FY 2026**

**Meter Equivalencies**

Line No:	Meter Size	Class -->	[A - 1]	[B - 1]	[C - 1]	[D - 1]	[E - 1]	[F - 1]	[G - 1]	[H - 1]	[I - 1]	[J - 1]	[K - 1]
			Single-Family	Multi-Family	Condo	Mobile Homes	Commercial - Retail	Commercial-Service	School/Church	Industrial	Hydrant	Sprinkler	City
			Accounts	Dwelling Units	Dwelling Units	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts
1	0.625		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	N/A	N/A	1.00
2	0.75		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	N/A	N/A	1.00
3	1.00		2.50	1.00	1.00	2.50	2.50	2.50	2.50	2.50	N/A	N/A	2.50
4	1.50		5.00	1.00	1.00	5.00	5.00	5.00	5.00	5.00	N/A	N/A	5.00
5	2.00		8.00	1.00	1.00	8.00	8.00	8.00	8.00	8.00	N/A	N/A	8.00
6	3.00		15.00	1.00	1.00	15.00	15.00	15.00	15.00	15.00	N/A	N/A	15.00
7	4.00		25.00	1.00	1.00	25.00	25.00	25.00	25.00	25.00	N/A	1.00	25.00
8	6.00		50.00	1.00	1.00	50.00	50.00	50.00	50.00	50.00	N/A	2.00	50.00
9	8.00		80.00	1.00	1.00	80.00	80.00	80.00	80.00	80.00	N/A	3.20	80.00
10	Hydrant		115.00	1.00	1.00	115.00	115.00	115.00	115.00	115.00	8.00	N/A	115.00

**Customer Accounts**

Line No:	Meter Size	Class -->	[A - 2]	[B - 2]	[C - 2]	[D - 2]	[E - 2]	[F - 2]	[G - 2]	[H - 2]	[I - 2]	[J - 2]	[K - 2]	Total
			Single-Family	Multi-Family	Condo	Mobile Homes	Commercial - Retail	Commercial-Service	School/Church	Industrial	Hydrant	Sprinkler	City	
			Accounts	Dwelling Units	Dwelling Units	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	
11	0.625		9	2	-	-	1	1	-	-	-	-	-	13
12	0.75		1,189	157	280	-	15	44	-	7	-	-	6	1,698
13	1.00		17	8	-	-	8	37	-	12	-	-	7	89
14	1.50		-	28	-	-	4	15	2	4	-	-	3	56
15	2.00		2	77	10	1	10	42	3	14	-	-	14	173
16	3.00		-	-	-	-	-	2	1	1	-	-	-	4
17	4.00		-	-	-	-	-	-	-	-	-	26	-	26
18	6.00		-	-	-	1	-	-	-	-	-	46	-	47
19	8.00		-	-	-	-	-	-	-	-	-	6	-	6
20	Hydrant		-	-	-	-	-	-	-	-	7	-	-	7
21	<b>Total Monthly Customers</b>		<b>1,217</b>	<b>272</b>	<b>290</b>	<b>2</b>	<b>38</b>	<b>141</b>	<b>6</b>	<b>38</b>	<b>7</b>	<b>78</b>	<b>30</b>	<b>2,119</b>

**Total Equivalent Residential Units**

Line No:	Meter Size	Class -->	[A - 1] * [A - 2]	[B - 1] * [B - 2]	[C - 1] * [C - 2]	[D - 1] * [D - 2]	[E - 1] * [E - 2]	[F - 1] * [F - 2]	[G - 1] * [G - 2]	[H - 1] * [H - 2]	[I - 1] * [I - 2]	[J - 1] * [J - 2]	[K - 1] * [K - 2]	Total
			Single-Family	Multi-Family	Condo	Mobile Homes	Commercial - Retail	Commercial-Service	School/Church	Industrial	Hydrant	Sprinkler	City	
			Accounts	Dwelling Units	Dwelling Units	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	Accounts	
22	0.625		9.00	2.00	-	-	1.00	1.00	-	-	-	-	-	13.00
23	0.75		1,189.00	157.00	280.00	-	15.00	44.00	-	7.00	-	-	6.00	1,698.00
24	1.00		42.50	8.00	-	-	20.00	92.50	-	30.00	-	-	17.50	210.50
25	1.50		-	28.00	-	-	20.00	75.00	10.00	20.00	-	-	15.00	168.00
26	2.00		16.00	77.00	10.00	8.00	80.00	336.00	24.00	112.00	-	-	112.00	775.00
27	3.00		-	-	-	-	-	30.00	15.00	15.00	-	-	-	60.00
28	4.00		-	-	-	-	-	-	-	-	-	26.00	-	26.00
29	6.00		-	-	-	50.00	-	-	-	-	-	92.00	-	142.00
30	8.00		-	-	-	-	-	-	-	-	-	19.20	-	19.20
31	Hydrant		-	-	-	-	-	-	-	-	56.00	-	-	56.00
32	<b>Total Monthly Customers</b>		<b>1,256.50</b>	<b>272.00</b>	<b>290.00</b>	<b>58.00</b>	<b>136.00</b>	<b>578.50</b>	<b>49.00</b>	<b>184.00</b>	<b>56.00</b>	<b>137.20</b>	<b>150.50</b>	<b>3,167.70</b>

**APPENDIX - B**  
**CITY OF BUELLTON, CA**  
**Water Max Day/Hour Allocation Factors - Test Year FY 2026**

Line No:	Description	[A]	[B]	[C]	[D]	[E]	[F]
		Flow	Peak Month (CCF)	Average Month (CCF)	Max Day/Avg Day Factor	Max Day Total Capacity (CCF/Day)	Max Day Extra Capacity (CCF/Day)
<b>Operating Statistics:</b>		<b>MGD</b>	<b>Factor</b>				
1	Avg Day Flow (MGD)	0.792	1.000				
2	Max Day Flow (MGD)	1.583	1.999				
<b>Cost Allocation Factors:</b>		<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>			
3	Base/Max Day	50.03%	49.97%	0.00%			
<b>Peaking Factors:</b>					<b>[B] / [C]</b>		
<b>Residential, Commerical, Industrial, and City</b>							
5	All Flow		55,565	34,842	1.59		
<b>Hydrant</b>							
6	All Flow		531	242	2.19		
<b>Sprinkler</b>							
7	All Flow		-	-	0.00		
					<b>Maximum Day</b>		
						<b>[D] x [B]</b>	<b>[E] - [B]</b>
<b>Estimated Max Day/Hour Flows:</b>		<b>Total Annual Flow (CCF)</b>	<b>Average Daily Flow (CCF)</b>		<b>Peaking Factor</b>	<b>Total Capacity</b>	<b>Extra Capacity</b>
<b>Residential, Commerical, Industrial, and City</b>							
8	All Flow	421,883.84	1,155.85		1.59	1843.32	687.48
<b>Hydrant</b>							
9	All Flow	2,016.00	5.52		2.19	12.11	6.59
<b>Sprinkler</b>							
10	All Flow	-	-		0.00	0.00	0.00
11	<b>Total</b>	<b>423,899.84</b>	<b>1,161.37</b>			<b>1855.43</b>	<b>694.06</b>

# APPENDIX - B

## CITY OF BUELLTON, CA

### Water Units of Service by Cost Component - Test Year FY 2026

Line No:	Description	[A]	[B]	[C]	[D]
		ERUs	Accounts/ Units	Base (CCF)	Max Day (CCF/Day)
1	<b>Residential, Commerical, Industrial, and City</b>	<b>2,974.50</b>	<b>2,034</b>	<b>421,883.84</b>	<b>687.48</b>
2	All Flow			421,883.84	687.48
3	<b>Hydrant</b>	<b>56.00</b>	<b>7</b>	<b>2,016.00</b>	<b>6.59</b>
4	All Flow			2,016.00	6.59
5	<b>Sprinkler</b>	<b>137.20</b>	<b>78</b>	-	-
6	All Flow			-	-
7	<b>Total</b>	<b>3,167.70</b>	<b>2,119</b>	<b>423,899.84</b>	<b>694.06</b>

**APPENDIX - B**  
**CITY OF BUELLTON, CA**  
**Allocation of Water Costs - Test Year FY 2026**

Line No:	Description	Water Costs	Base	Extra Capacity Max Day	Meters & Services	Sprinklers	Total (Check)
<b>Allocation Factors:</b>							
1	Treatment		50.03%	49.97%	0.00%	0.00%	100.00%
2	Transmission & Distribution		50.03%	49.97%	0.00%	0.00%	100.00%
3	Admin		0.00%	0.00%	95.67%	4.33%	100.00%
4	Existing Capital Lease		0.00%	0.00%	100.00%	0.00%	100.00%
5	New Bond DS		0.00%	0.00%	100.00%	0.00%	100.00%
6	CIP		23.51%	23.49%	53.00%	0.00%	100.00%
7	Capital Outlay		0.00%	0.00%	100.00%	0.00%	100.00%
<b>Allocation of Costs:</b>							
8	Treatment	\$ 950,756	\$ 475,678	\$ 475,078	\$ -	\$ -	\$ 950,756
9	Transmission & Distribution	209,873	105,003	104,870	-	-	209,873
10	Admin	915,912	-	-	876,242	39,670	915,912
11	Existing Capital Lease	102,165	-	-	102,165	-	102,165
12	New Bond DS	-	-	-	-	-	-
13	CIP	2,650,000	623,143	622,357	1,404,500	-	2,650,000
14	Capital Outlay	23,690	-	-	23,690	-	23,690
15	Non-Rate Rev & Fund Balance	(1,933,342)	(479,640)	(479,035)	(958,862)	(15,806)	(1,933,342)
16	<b>Total</b>	<b>\$ 2,919,054</b>	<b>\$ 724,184</b>	<b>\$ 723,270</b>	<b>\$ 1,447,736</b>	<b>\$ 23,864</b>	<b>\$ 2,919,054</b>
<b>Total Units of Service</b>			<b>423,899.84</b>	<b>694.06</b>	<b>3,030.50</b>	<b>137.20</b>	
<b>Units</b>			<b>CCF</b>	<b>CCF/Day</b>	<b>ERU/Monthly</b>	<b>ERU/Monthly</b>	
<b>Cost Per Unit</b>			<b>\$ 1.7084</b>	<b>\$ 1,042.0790</b>	<b>\$ 39.8101</b>	<b>\$ 14.4949</b>	
<b>Units</b>			<b>CCF</b>	<b>CCF/Day</b>	<b>ERU/Monthly</b>	<b>ERU/Monthly</b>	

# APPENDIX - B

## CITY OF BUELLTON, CA

### Water Cost of Service by Cost Component and Customer Class - Test Year FY 2026

Line No:	Description	[A]	[B]	[C]	[D]
		ERUs	Base (CCF)	Max Day (CCF/Day)	Total
1	<b>Residential, Commerical, Industrial, and City</b>	\$ 1,420,983	\$ 720,740	\$ 716,405	\$ 2,858,128
2	All Flow		\$ 720,740	\$ 716,405	
3	<b>Hydrant</b>	\$ 26,752	\$ 3,444	\$ 6,865	\$ 37,061
4	All Flow		\$ 3,444	\$ 6,865	
5	<b>Sprinkler</b>	\$ 23,864	\$ -	\$ -	\$ 23,864
6	All Flow		\$ -	\$ -	
7	<b>Total</b>	<b>\$ 1,471,600</b>	<b>\$ 724,184</b>	<b>\$ 723,270</b>	<b>\$ 2,919,054</b>

**APPENDIX - B**  
**CITY OF BUELLTON, CA**  
**Water Rate Calculation - Test Year FY 2026**

Line No:	Description	[A]	[B]	[C]	[D]	[E]
		Capacity Ratio	Meter Charge	Proposed Fixed Charge	Existing Fixed Charge	Difference
<b>General Service</b>						
1	5/8 Inch	1.00	\$ 39.81	\$ 39.81	\$ 35.51	\$ 4.30
2	3/4 Inch	1.00	\$ 39.81	\$ 39.81	\$ 35.51	\$ 4.30
3	1.0 Inch	2.50	\$ 99.53	\$ 99.53	\$ 96.89	\$ 2.64
4	1.5 Inch	5.00	\$ 199.05	\$ 199.05	\$ 191.90	\$ 7.15
5	2.0 Inch	8.00	\$ 318.48	\$ 318.48	\$ 301.60	\$ 16.88
6	3.0 Inch	15.00	\$ 597.15	\$ 597.15	\$ 646.19	\$ (49.04)
7	4.0 Inch	25.00	\$ 995.25	\$ 995.25	\$ 1,176.31	\$ (181.06)
8	6.0 Inch	50.00	\$ 1,990.51	\$ 1,990.51	\$ 2,511.90	\$ (521.39)
9	8.0 Inch	80.00	\$ 3,184.81	\$ 3,184.81	\$ 3,364.78	\$ (179.97)
10	Hydrant	8.00	\$ 318.48	\$ 318.48	\$ 50.00	\$ 268.48

<b>Sprinklers</b>						
11	4.0 Inch	1.00	\$ 14.49	\$ 14.49	\$ 19.29	\$ (4.80)
12	6.0 Inch	2.00	\$ 28.99	\$ 28.99	\$ 28.53	\$ 0.46
13	8.0 Inch	3.20	\$ 46.38	\$ 46.38	\$ 38.58	\$ 7.80

Line No:	Customer Class	Base Rate	Peaking Rate	Proposed Rate (\$/CCF)	Existing Rate (\$/CCF)	Difference
<b>Residential, Commercial, Industrial, and City</b>						
1	All Flow	\$ 1.71	\$ 1.70	\$ 3.41	\$ 2.98	\$ 0.43
<b>Hydrant</b>						
2	All Flow	\$ 1.71	\$ 3.41	\$ 5.11	\$ 12.69	\$ (7.58)

Line No:	Customer Class	Annual Use (CCF)	Peaking Costs	Peaking Unit Cost
<b>Residential, Commercial, Industrial, and City</b>				
1	All Flow	421,883.84	\$ 716,405	\$ 1.70
<b>Hydrant</b>				
2	All Flow	2,016.00	\$ 6,865	\$ 3.41
3	<b>Total</b>	<b>423,899.84</b>	<b>\$ 723,270</b>	

# APPENDIX C

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## Sewer Cost-of-Service Analysis

# APPENDIX - C

## CITY OF BUELLTON, CA

### Allocation of Test Year Costs to Sewer Function

Test Year Revenue Requirement		
Line No:	Expense Group	FY 2026
1	Collection	\$179,735
2	Treatment	587,936
3	Administration	729,348
4	Transfers	0
5	Existing Capital Lease	64,635
6	New Bond DS	0
7	CIP	1,475,000
8	Capital Outlay	25,750
<b>9</b>	<b>Total</b>	<b>\$ 3,062,404</b>

# APPENDIX - C

## CITY OF BUELLTON, CA

### Sewer Customer Account & Strength Characteristics by Customer Class - Test Year FY 2026

Line No:	Description	Total Accounts	Total Units	CCF Flow	BOD Factor <sup>[1]</sup>	BOD Pounds	TSS Factor <sup>[1]</sup>	TSS Pounds
<b>Residential Classes</b>								
1	Single-Family	1,200	1,200	187,776	200	234,281	200	234,281
2	Multi-Family	408	556	30,243	200	37,733	200	37,733
3	Mobile Homes	2	319	25,440	200	31,741	200	31,741
4	<b>Sub-Total Residential</b>	<b>1,610</b>	<b>2,075</b>	<b>243,459</b>		<b>303,755</b>		<b>303,755</b>
<b>Non-Residential Classes</b>								
<b>Commercial</b>								
5	Commercial- Service	115	115	72,588	507	307,131	441	266,773
6	Commercial - Retail	28	28	2,268	150	2,837	150	2,837
7	<b>Sub-Total Commercial</b>	<b>143</b>	<b>143</b>	<b>74,856</b>		<b>309,969</b>		<b>269,610</b>
<b>Institutional</b>								
8	School/Church	4	4	3,360	130	3,643	100	2,802
9	City	5	5	660	130	716	100	550
10	<b>Sub-Total Institutional</b>	<b>9</b>	<b>9</b>	<b>4,020</b>		<b>4,358</b>		<b>3,353</b>
<b>Industrial</b>								
11	Industrial - Normal	19	19	4,742	168	6,644	29	1,147
12	Industrial - High	16	16	11,044	1,000	92,107	600	55,264
13	<b>Sub-Total Industrial</b>	<b>35</b>	<b>35</b>	<b>15,786</b>		<b>98,751</b>		<b>56,411</b>
14	<b>Sewer System Total</b>	<b>1,797</b>	<b>2,262</b>	<b>338,121</b>		<b>716,833</b>		<b>633,129</b>

**Notes:**

[1] Average strength factors for BOD and TSS are based on the State Water Resources Control Board Revenue Program Guidelines, Appendix G.

# APPENDIX - C

## CITY OF BUELLTON, CA

### Allocation of Sewer Costs - Test Year FY 2026

Line No:	Description	Sewer Costs	Volume	Capacity	Strength - BOD	Strength - SS	Admin	Total (Check)
<b>Allocation Factors:</b>								
1	Treatment		10.01%	10.01%	42.46%	37.52%	0.00%	100.00%
2	Collection		50.00%	50.00%	0.00%	0.00%	0.00%	100.00%
3	Administration		0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
4	CIP		5.01%	5.01%	21.23%	18.75%	50.00%	100.00%
5	Capital Outlay		0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
6	Existing Capital Lease		0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
7	New Bond DS		0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
<b>Allocation of Costs:</b>								
8	Treatment	\$ 587,936	\$ 58,852	\$ 58,852	\$ 249,663	\$ 220,568	\$ -	\$ 587,936
9	Collection	179,735	89,868	89,868	-	-	-	179,735
10	Administration	729,348	-	-	-	-	729,348	729,348
11	CIP	1,475,000	73,860	73,860	313,175	276,605	737,500	1,475,000
12	Capital Outlay	25,750	-	-	-	-	25,750	25,750
13	Existing Capital Lease	64,635	-	-	-	-	64,635	64,635
14	New Bond DS	-	-	-	-	-	-	-
15	Non-Rate Rev & Fund Balance	(1,258,395)	(91,462)	(91,462)	(231,280)	(204,297)	(639,894)	(1,258,395)
16	<b>Total</b>	<b>\$ 1,804,009</b>	<b>\$ 131,118</b>	<b>\$ 131,118</b>	<b>\$ 331,558</b>	<b>\$ 292,876</b>	<b>\$ 917,339</b>	<b>\$ 1,804,009</b>
<b>Total Units of Service</b>			<b>338,121</b>	<b>338,121</b>	<b>716,833</b>	<b>633,129</b>	<b>2,262</b>	
<b>Units</b>			<b>CCF</b>	<b>CCF</b>	<b>Pounds</b>	<b>Pounds</b>	<b>Units/Monthly</b>	
<b>Cost Per Unit</b>			<b>\$ 0.39</b>	<b>\$ 0.39</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>	<b>\$ 33.80</b>	
<b>Units</b>			<b>CCF</b>	<b>CCF</b>	<b>Pounds</b>	<b>Pounds</b>	<b>Units/Monthly</b>	

# APPENDIX - C

## CITY OF BUELLTON, CA

### Sewer Cost of Service by Cost Component and Customer Class - Test Year FY 2026

Line No:	Description	[A]	[B]	[C]	[D]	[E]	[F]
		Volume	Capacity	Strength - BOD	Strength - SS	Admin	Total
1	Single-Family	\$ 72,817	\$ 72,817	\$ 108,362	\$ 108,375	\$ 486,652	\$ 849,023
2	Multi-Family	11,728	11,728	17,453	17,455	225,482	283,845
3	Mobile Homes	9,865	9,865	14,681	14,683	129,368	178,463
4	Commercial	29,028	29,028	143,370	124,718	57,993	384,136
5	Institutional	1,559	1,559	2,016	1,551	3,650	10,335
6	Industrial - Normal	1,839	1,839	3,073	531	7,705	14,987
7	Industrial - High	4,283	4,283	42,602	25,564	6,489	83,221
8	<b>Total</b>	<b>\$ 131,118</b>	<b>\$ 131,118</b>	<b>\$ 331,558</b>	<b>\$ 292,876</b>	<b>\$ 917,339</b>	<b>\$ 1,804,009</b>

# APPENDIX - C

## CITY OF BUELLTON, CA

### Sewer Rate Calculation - Test Year FY 2026

Line No:	Customer Class	[A]	[B]	[C]=[A]/[B]/12	[D]	[E]=[C]-[D]	[F]	[G]	[H]=[F]/[G]	[I]	[J]=[H]-[I]
		Fixed Rate Costs	Monthly Dwelling Units	Proposed Monthly Fixed Fee	Existing Monthly Fixed Fee	Monthly Fixed Fee Difference	Volumetric Rate Costs	Billable Annual Volume (CCF)	Proposed Volumetric Rate	Existing Volumetric Rate	Volumetric Rate Difference
<b>Residential Classes</b>											
1	Single-Family	\$ 849,023	1,200	\$ 58.96	\$ 30.45	\$ 28.51	N/A	N/A	N/A	N/A	N/A
2	Multi-Family	\$ 283,845	556	\$ 42.54	\$ 30.45	\$ 12.09	N/A	N/A	N/A	N/A	N/A
3	Mobile Homes	\$ 178,463	319	\$ 46.62	\$ 30.45	\$ 16.17	N/A	N/A	N/A	N/A	N/A
<b>Non-Residential Classes</b>											
4	Commercial	\$ 57,993	143	\$ 33.80	\$ 60.72	\$ (26.92)	\$ 326,144	74,856	\$ 4.36	\$ 6.05	\$ (1.69)
5	Institutional	\$ 3,650	9	\$ 33.80	\$ 29.98	\$ 3.82	\$ 6,685	4,020	\$ 1.66	\$ 0.56	\$ 1.10
6	Industrial - Normal	\$ 7,705	19	\$ 33.80	\$ 46.76	\$ (12.96)	\$ 7,281	4,742	\$ 1.54	\$ 7.26	\$ (5.72)
7	Industrial - High	\$ 6,489	16	\$ 33.80	\$ 46.76	\$ (12.96)	\$ 76,732	11,044	\$ 6.95	\$ 7.26	\$ (0.31)

# APPENDIX - C

## CITY OF BUELLTON, CA

### Sewer Revenue vs Cost of Service by Customer Class Check - Test Year FY 2026

Line No:	Customer Class	[A]	[B]	[C]=[A]*[B]*12	[D]	[E]	[F]=[D]*[E]	[G]=[C]+[F]	[H]	[I]=[H]-[G]
		Monthly Dwelling Units	Proposed Monthly Fixed Fee	Total Fixed Fee Revenue	Billable Annual Volume (CCF)	Proposed Volumetric Rate	Total Volumetric Rate Revenues	Total Calculated Revenues	Total COS Revenues	Difference Calc vs COS
1	Single-Family	1,200	\$ 58.96	\$ 849,023	N/A	N/A	\$ -	\$ 849,023	\$ 849,023	\$ -
2	Multi-Family	556	\$ 42.54	\$ 283,845	N/A	N/A	\$ -	\$ 283,845	\$ 283,845	\$ -
3	Mobile Homes	319	\$ 46.62	\$ 178,463	N/A	N/A	\$ -	\$ 178,463	\$ 178,463	\$ -
4	Commercial	143	\$ 33.80	\$ 57,993	74,856	\$ 4.36	\$ 326,144	\$ 384,136	\$ 384,136	\$ -
5	Institutional	9	\$ 33.80	\$ 3,650	4,020	\$ 1.66	\$ 6,685	\$ 10,335	\$ 10,335	\$ -
6	Industrial - Normal	19	\$ 33.80	\$ 7,705	4,742	\$ 1.54	\$ 7,281	\$ 14,987	\$ 14,987	\$ -
7	Industrial - High	16	\$ 33.80	\$ 6,489	11,044	\$ 6.95	\$ 76,732	\$ 83,221	\$ 83,221	\$ -
8	<b>Total</b>	<b>2,262</b>		<b>\$ 1,387,167</b>	<b>94,662</b>		<b>\$ 416,842</b>	<b>\$ 1,804,009</b>	<b>\$ 1,804,009</b>	<b>\$ -</b>



27368 Via Industria, Suite 200  
Temecula, CA 92590  
800.755.6864 | Fax: 888.326.6864  
[www.willdan.com](http://www.willdan.com)