

## REGULAR BOARD MEETING AGENDA

5:30 PM Wednesday October 23, 2024  
UPUD Headquarters | 339 Main Street, Murphys, CA 95247

### OUR MISSION

*Union Public Utility District is dedicated to protecting, enhancing, and developing our water resources to the highest beneficial use for our customers, while maintaining cost-conscious, reliable service and providing gainful employment through responsible management.*

**Board Chambers are open to the public and the following alternative is available to members of the public who wish to participate in the meeting virtually:**

### Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 236 426 210 231

Passcode: 8Afott

[Download Teams](#) | [Join on the web](#)

### Or call in (audio only)

[+1 209-729-7215,,557533834#](#)

Phone Conference ID: 557 533 834#

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-728-3651. Notification in advance of the meeting will enable UPUD to make reasonable arrangements to ensure accessibility to this meeting. Any documents that are made available to the Board before or at the meeting, not privileged or otherwise protected from disclosure, and related to agenda items, will be made available at UPUD for review by the public.

## ORDER OF BUSINESS

### CALL TO ORDER/THE PLEDGE OF ALLEGIANCE

**1. ROLL CALL**

**2. APPROVAL OF AGENDA**

**3. PUBLIC COMMENT:**

(LIMIT 5 MINUTES PER PERSON) Members of the public may address the Board on items not agendized. The public is encouraged to contact the General Manager or Board of Directors for consideration of items to be placed on the agenda. No action will be taken by the Board unless an item is agendized.

**4. CONSENT AGENDA:**

Consent agenda items are expected to be routine and non-controversial. They will be acted upon by the Board at a time, without discussion. Any board member, staff member or interested party may request removal of an item from the consent agenda for later discussion.

- a. Approval of Minutes: September 25, 2024 – Regular Meeting
- b. Expenditures – September 2024
- c. Fund Balance Report – September 2024
- d. Balance Sheet & Income Statement – September 2024
- e. YTD Budget to Actuals – September 2024
- f. Legal Fees Year-to-Date Review

**5. NEW BUSINESS**

- a. Discussion/Action: Approve Financing Documents Related to Acquisition and Installation of Electric Panel and other CIP projects  
(Jeffrey Land, Oppenheimer & Co. Inc) RES 2024-022
- b. Discussion/Action Revising District Job Description  
(Jessica Self, General Manager)
- c. Discussion/Action Regarding District Policy Updates RES 2024-023  
(Jessica Self, General Manager)
- d. Discussion/Action: Authorize the GM to Issue the Draft Proposition 218 Notices for the Proposed Rates and to Set the Public Hearing Pursuant to the Required Notice Period  
(Jeremy Tamargo, NBS)

**6. DIRECTORS COMMENTS**

**7. CLOSED SESSION:**

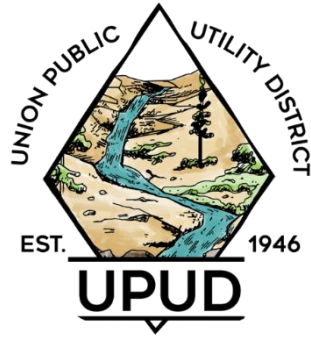
**8. NEXT BOARD MEETINGS & EVENTS**

- Thursday, November 14, 2024 at 1:00 PM and 6:00 PM – Prop 218 Workshops
- Wednesday, November 20, 2024 at 5:30 PM – Special Board Meeting
- Wednesday, December 11, 2024 at 6:00 PM – Public Hearing

**9. ADJOURNMENT**

*PROCEDURAL NOTICES*

*LEVINE ACT PUBLIC PARTY/APPLICANT DISCLOSURE OBLIGATIONS: Applicants, parties, and their agents who have made campaign contributions totaling more than \$250 (aggregated) to a Board Member over the past 12 months must publicly disclose that fact for the official record of that agenda item. Disclosures must include the amount of the campaign contribution aggregated, and the name(s) of the campaign contributor(s) and Board member(s). The disclosure may be made either in writing to the Clerk prior to the agenda item consideration, or by verbal disclosure at the time of the agenda item consideration. The foregoing statements do not constitute legal advice, nor a recitation of all legal requirements and obligations of parties/applicants and their agents. Parties and agents are urged to consult with their own legal counsel regarding the requirements of the law.*



## MINUTES

### UNION PUBLIC UTILITY DISTRICT REGULAR BOARD MEETING

SEPTEMBER 25, 2024

Directors Present: Eric Bottomley, President  
Greg Rasmussen, Vice-President  
Bruce Tallakson, Treasurer  
Ralph Chick, Director

Directors Absent: Tom Quincy, Secretary

Staff Present: Jessica Self, General Manager  
Jenna Mayo, Executive Admin Coordinator

Others Present: Jeffrey Land, Oppenheimer & Co. Inc  
Frank Splendorio, Best, Best & Krieger LLP  
Matt Ospital, Weber Ghio  
Public at Large

## ORDER OF BUSINESS

### CALL TO ORDER & THE PLEDGE OF ALLEGIANCE

#### 1. ROLL CALL

President Bottomley called the Regular Board Meeting to order at 5:30 p.m. and let the Pledge of Allegiance.

#### 2. APPROVAL OF AGENDA

Motion: Director Tallakson  
Second: Director Chick  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy  
Abstained: None

MINUTE ENTRY. MOTION TO APPROVE THE AGENDA AS PRESENTED.

**3. PUBLIC COMMENT:**

Daniel McCubbins raised a concern about a neighbor and inquired about UPUD's possible response.

**4. CONSENT AGENDA:**

- a. Approval of Minutes: August 28, 2024 – Regular Meeting
- b. Expenditures - May 2024, June 2024, July 2024, August 2024
- c. Fund Balance Report – August 2024
- d. Balance Sheet & Income Statement – June 2024, July 2024, August
- e. YTD Budget to Actuals – June 2024, July 2024, August 2024
- f. Legal Fees Year-to-Date Review

Motion: Director Tallakson  
Second: Director Rasmussen  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy  
Abstained: None

MINUTE ENTRY. MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED.

**5. OLD BUSINESS**

- a. Discussion/Direction Regarding Term Sheet for Potential Long-Term Loan  
(Jeffrey Land, Oppenheimer & Co. Inc)

Motion: Director Rasmussen  
Second: Director Tallakson  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy  
Abstained: None

MINUTE ENTRY. MOTION TO APPROVE ITEM 5 A AS PRESENTED.

**6. NEW BUSINESS**

- a. Discussion/Action Regarding GM's Authority to Purchase Electrical Panel  
(Jessica Self, General Manager)

Motion: Director Chick  
Second: Director Tallakson  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy

Abstained: None

MINUTE ENTRY. MOTION TO APPROVE ITEM 6 A GM'S AUTHORITY TO PURCHASE ELECTRICAL PANEL AS PRESENTED.

- b. Discussion/Action Regarding Glanville Request for Multi-Premise Service (Jessica Self, General Manager) RES 2024-020**

Motion: Director Tallakson  
Second: Director Chick  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy  
Abstained: None

RESO NO. 2024-020. TO ADOPT RESOLUTION NO. 2024.020 - CONDITIONAL APPROVAL OF REQUEST FOR MULTI-PREMISE SERVICE, AS PRESENTED.

- c. Discussion/Action Regarding Water Professionals Appreciation Week (Jessica Self, General Manager) RES 2024-021**

Motion: Director Tallakson  
Second: Director Rasmussen  
Ayes: Directors Bottomley, Rasmussen, Tallakson, and Chick  
Nays: None  
Absent: Director Quincy  
Abstained: None

RESO NO. 2024-021. TO ADOPT RESOLUTION NO. 2024.021 - WATER PROFESSIONALS APPRECIATION WEEK, AS PRESENTED.

**7. UPDATES**

- a. Discussion/Potential Direction Regarding Utica Water & Power Authority**

Director Rasmussen mentioned that at the last regular board meeting, UWPA's General Manager, Joel Metzger, presented a detailed spreadsheet outlining the expenditures and current financial status. He also highlighted the recognition of employee Mike Emehiser for his 10 years of service, which was a meaningful and well-received acknowledgment. Additionally, Director Chick reported that progress is being made on the FERC process, with an estimated timeline of about two years.

**8. REPORTS**

- a. General Manager**

The General Manager's report was presented to the Board by General Manager, Jessica Self.

**9. DIRECTORS COMMENTS**

Director Bottomley expressed his satisfaction with Kelly Gerkenmeyer's presentation at the

last board meeting, emphasizing the importance of continuing to educate our customers and the public about CCWD's dedicated efforts.

10. **CLOSED SESSION:** The meeting was adjourned into Closed Session at 6:26 PM
- a. Conference with Legal Counsel – Anticipated Litigation (Gov. Code § 54956.9(d)(2): one case
  - b. Pursuant to Government Code § Section 54957(b)(1): Public Employee Evaluations - Title: General Manager
11. **RETURN TO OPEN SESSION:** The meeting returned to open session at 8:17 PM
12. **REPORTABLE ACTION FROM CLOSED SESSION:** There was no reportable action.
13. **NEXT BOARD MEETINGS & EVENTS**
- Wednesday, October 23, 2024 at 5:30 PM - Regular Meeting
  - Thursday, November 14, 2024 at 1:00 PM and 6:00 PM – Prop 218 Workshops
  - Wednesday, November 20, 2024 at 5:30 PM – Special Board Meeting

14. **ADJOURNMENT**

The meeting adjourned at 8:18 PM

Respectfully Submitted:

ATTEST:

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Tom E. Quincy, Board Secretary

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Jenna Mayo, Clerk to the Board

Bank Reconciliation  
Board Audit  
Sep-24

<u>Check No.</u>	<u>Vendor/Employee</u>	<u>Transaction Description</u>	<u>Date</u>	<u>Amount</u>
Fund: 03 Enterprise Department: 00				
28685	Ron Lawrence	Reimbursement for outside labor RE: UPUD leak.	09/06/2024	200.00
Total for Department: 00				<b>200.00</b>
Department: 03 Treatment				
0	Anthem Blue Cross	Emp Dental Ins - 09/01/24 to 10/01/24	09/13/2024	337.00
0	Anthem Blue Cross	Emp Dental Ins - 10/01/2024 to 11/01/2024	09/25/2024	337.00
0	AT&T U-verse	TP Uverse - 08/13/2024 to 09/12/2024	09/13/2024	107.77
0	CPPA	07/23/2024 to 08/23/2024 - Utilities	09/13/2024	2,100.56
0	Farmer's Insurance Exchange	W/C Ins - 09/09/2024 to 10/08/2024	09/13/2024	457.43
0	PG&E	08/12/2024 to 09/10/2024 - TP & Corp Yard Svs	09/25/2024	211.70
0	US Bank	Visa Bill - September	09/13/2024	1,372.00
0	US Bank	Visa Bill - September	09/25/2024	672.48
0	Verizon Wireless	07/16/2024 to 08/15/2024 - TP, Distr, Irrig, Admin Cell Phones	09/13/2024	110.33
28688	Alpha Analytical Laboratories, Inc.	Order #24H1732	09/13/2024	1,683.00
28689	AT&T CALNET	Telephone - 08/04/2024 to 09/03/2024	09/13/2024	124.63
28696	NBS Government Finance Group	Consulting Svs - (2024) 218 Water Rate Study	09/13/2024	2,362.50
28700	USA Vision	September 2024 - Emp Vision Ins	09/13/2024	38.24
28702	Calaveras County Assessor's Office	218 Rate Study - Property Owner's Data - Secured Roll	09/20/2024	15.00
28709	Univar Solutions USA INC.	Treat - Supplies - Chemicals	09/20/2024	4,874.47
28710	USA Blue Book	Treat - Supplies - LMI B-9 Series Pump	09/20/2024	2,488.20
28711	Weber, Ghio & Associates	August 2024 Billing	09/20/2024	390.00
Total for Department: 03				<b>17,682.31</b>
Department: 04 Distribution				
0	Anthem Blue Cross	Emp Dental Ins - 09/01/24 to 10/01/24	09/13/2024	648.00
0	Anthem Blue Cross	Emp Dental Ins - 10/01/2024 to 11/01/2024	09/25/2024	958.40
0	AT&T U-verse	Distr Uverse - 08/13/2024 to 09/12/2024	09/13/2024	60.54
0	California Waste Recovery System	Aug 2024 Svs	09/25/2024	77.82
0	Farmer's Insurance Exchange	W/C Ins - 09/09/2024 to 10/08/2024	09/13/2024	1,097.82
0	First Business Specialty Finance, LLC	2019 Vac Tron Trlr - Loan - Pmt 4 of 10	09/25/2024	3,541.67
0	PG&E	08/12/2024 to 09/10/2024 - TP & Corp Yard Svs	09/25/2024	247.49
0	US Bank	Visa Bill - September	09/13/2024	1,197.61
0	US Bank	Visa Bill - September	09/25/2024	795.92
0	Verizon Wireless	07/16/2024 to 08/15/2024 - TP, Distr, Irrig, Admin Cell Phones	09/13/2024	215.74
28687	Calaveras County Water District	4" Flange x Flange Valve w/Gaskets (2) & Bolt Kit (2)	09/13/2024	775.30
28689	AT&T CALNET	Telephone - 08/04/2024 to 09/03/2024	09/13/2024	138.20
28690	Calaveras Lumber	Distr & Irrig - Supplies	09/13/2024	65.12
28695	Murphys Sanitary District	UPU0001 & UPU0002 - Spet 2024 Svs	09/13/2024	60.00
28696	NBS Government Finance Group	Consulting Svs - (2024) 218 Water Rate Study	09/13/2024	2,362.50
28697	Red Store	Supplies	09/13/2024	149.51
28698	Sierra Hills Market	Supplies	09/13/2024	60.79
28700	USA Vision	September 2024 - Emp Vision Ins	09/13/2024	83.57
28702	Calaveras County Assessor's Office	218 Rate Study - Property Owner's Data - Secured Roll	09/20/2024	15.00
28703	Calaveras Lumber	Distr & Irrig - Supplies	09/20/2024	21.54
28707	O'Reilly Auto Parts	Distr & Irrig - Supplies	09/20/2024	8.61
28708	Sierra Hills Market	Distr & Irrig - Supplies	09/20/2024	21.44
28711	Weber, Ghio & Associates	August 2024 Billing	09/20/2024	1,244.50
Total for Department: 04				<b>13,847.09</b>
Department: 07 Irrigation				
0	Anthem Blue Cross	Emp Dental Ins - 09/01/24 to 10/01/24	09/13/2024	162.00
0	Anthem Blue Cross	Emp Dental Ins - 10/01/2024 to 11/01/2024	09/25/2024	239.60



0	AT&T U-verse	Irrig Uverse - 08/13/2024 to 09/12/2024	09/13/2024	15.13
0	California Waste Recovery System	Aug 2024 Svs	09/25/2024	19.45
0	Farmer's Insurance Exchange	W/C Ins - 09/09/2024 to 10/08/2024	09/13/2024	274.45
0	PG&E	08/12/2024 to 09/10/2024 - TP & Corp Yard Svs	09/25/2024	61.87
0	US Bank	Credit Card Payment	09/13/2024	299.39
0	US Bank	Credit Card Payment	09/25/2024	73.98
0	Verizon Wireless	07/16/2024 to 08/15/2024 - TP, Distr, Irrig, Admin Cell Phones	09/13/2024	53.93
28687	Calaveras County Water District	4" Flange x Flange Valve w/Gaskets (2) & Bolt Kit (2)	09/13/2024	193.82
28689	AT&T CALNET	Telephone - 08/04/2024 to 09/03/2024	09/13/2024	34.55
28690	Calaveras Lumber	Distr & Irrig - Supplies	09/13/2024	16.28
28695	Murphys Sanitary District	UPU0001 & UPU0002 - Spet 2024 Svs	09/13/2024	12.00
28696	NBS Government Finance Group	Consulting Svs - (2024) 218 Water Rate Study	09/13/2024	2,362.50
28697	Red Store	Supplies	09/13/2024	37.38
28698	Sierra Hills Market	Supplies	09/13/2024	15.20
28700	USA Vision	September 2024 - Emp Vision Ins	09/13/2024	20.89
28702	Calaveras County Assessor's Office	218 Rate Study - Property Owner's Data - Secured Roll	09/20/2024	15.00
28703	Calaveras Lumber	Distr & Irrig - Supplies	09/20/2024	5.38
28707	O'Reilly Auto Parts	Distr & Irrig - Supplies	09/20/2024	2.15
28708	Sierra Hills Market	Distr & Irrig - Supplies	09/20/2024	5.36

Total for Department: 07 **3,920.31**

Total for Fund:03 Enterprise **35,649.71**

Fund: 06 General  
Department: 06 Administration

0	Anthem Blue Cross	Emp Dental Ins - 09/01/24 to 10/01/24	09/13/2024	379.00
0	Anthem Blue Cross	Emp Dental Ins - 10/01/2024 to 11/01/2024	09/25/2024	-397.00
0	California Waste Recovery System	Aug 2024 Svs	09/25/2024	105.47
0	Comcast	09/01/24 to 09/31/24 - Telephone	09/13/2024	4.06
0	Comcast Business	Internet - 09/01/2024 to 09/30/2024	09/25/2024	304.99
0	CPPA	07/23/2024 to 08/23/2024 - Utilities	09/13/2024	148.24
0	De Lage Landen Financial Services, Inc.	Copier Lease - 08/15/2024 to 09/14/2024	09/25/2024	330.90
0	Farmer's Insurance Exchange	W/C Ins - 09/09/2024 to 10/08/2024	09/13/2024	100.36
0	US Bank	Visa Bill - September	09/13/2024	1,775.33
0	US Bank	Visa Bill - September	09/25/2024	2,917.16
0	Verizon Wireless	07/16/2024 to 08/15/2024 - TP, Distr, Irrig, Admin Cell Phones	09/13/2024	212.51
28691	Carbon Copy	Copier Usage 08/01/2024 to 08/31/2024	09/13/2024	18.38
28692	Coneth Solutions, Inc	September 2024 - Mthly IT Contract	09/13/2024	1,455.00
28693	Dataprose, LLC	08/01/2024 to 08/31/2024 - Statement Mailings	09/13/2024	1,128.38
28694	Mother Lode Answering Service, Inc.	Sept 2024 Svs	09/13/2024	280.61
28695	Murphys Sanitary District	UPU0001 & UPU0002 - Spet 2024 Svs	09/13/2024	48.00
28696	NBS Government Finance Group	Consulting Svs - (2024) 218 Water Rate Study	09/13/2024	2,362.50
28699	Springbrook Holding Company, LLC.	Civic Pay Transaction Fee - August 2024	09/13/2024	558.00
28700	USA Vision	September 2024 - Emp Vision Ins	09/13/2024	22.74
28701	Best Best & Krieger Attorneys At Law	Matter #90443.00101 - August Board Mtg	09/20/2024	1,947.00
28702	Calaveras County Assessor's Office	218 Rate Study - Property Owner's Data - Secured Roll	09/20/2024	15.00
28704	Coneth Solutions, Inc	IT Tech - Office Visit - Updates & Laptop Setups (3) & Phone (1)	09/20/2024	900.00
28705	DMV	DMV Pull Notice - 08/01/24 to 08/31/2024	09/20/2024	2.00
28706	NSGW - Chispa 139	Hall Rental - MCWRA Legislative Meeting - 10/02/2024	09/20/2024	250.00

Total for Department: 06 **14,868.63**

Total for Fund:06 General **14,868.63**

Grand Total **50,518.34**

General Ledger  
Fund Balance Report CA CLASS  
Sep-24

<u>Account Number</u>	<u>Description</u>	<u>Beginning Balance</u>	<u>Debits (Interest Earned)</u>	<u>Credits</u>	<u>End Balance</u>
<b>01</b>	<b>Water Fund</b>				
01-00-1501	CA CLASS - Emergency Reserve	\$ 1,182,153.77	\$ 5,094.70	\$ -	\$ 1,187,248.47
01-00-1502	CA CLASS - Irrigation Reserve	\$ 207,406.45	\$ 893.86	\$ -	\$ 208,300.31
01-00-1504	CA CLASS - UWPA Reserve	\$ 47,231.57	\$ 203.55	\$ -	\$ 47,435.12
01-00-1506	CA CLASS - Operations Reserve	\$ 645,717.35	\$ 2,782.83	\$ -	\$ 648,500.18
01-00-1507	CA CLASS - Capital Reserve	\$ 672,651.11	\$ 62,206.19	\$ 119,040.00	\$ 615,817.30
<b>Total CA CLASS</b>		<b>\$ 2,755,160.25</b>	<b>\$ 71,181.13</b>	<b>\$ 119,040.00</b>	<b>\$ 2,707,301.38</b>

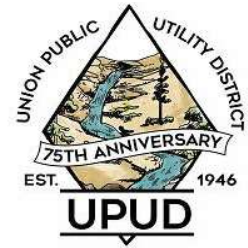
General Ledger  
 Fund Balance Report LAIF  
 Sep-24

<u>Account Number</u>	<u>Description</u>	<u>Beginning Balance</u>	<u>Debits (Interest Earned)</u>	<u>Credits</u>	<u>End Balance</u>
<b>01</b>	<b>Water Fund</b>				
01-00-1501	CA CLASS - Emergency Reserve	\$ 12,729.26	\$ -	\$ -	\$ 12,729.26
<b>Total LAIF</b>		<b>\$ 12,729.26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,729.26</b>

# General Ledger

## Balance Sheet

Sep-24



**Fund ALFRE**

Account Type	Amount
<b>01 - Water Fund</b>	
Assets	
Cash & Investments	3,570,843.04
Accounts Receivable	266,561.31
Inventory	0.00
Fixed Assets	4,672,618.36
Other Long Term Assets	0.00
CalPERS Pension Outflows	318,606.00
Grant Receivable	0.00
Total Assets:	<u>8,828,628.71</u>
Liabilities	
Accounts Payable	58,710.00
Payroll Liabilities	0.00
Deferred Revenue	2,962.32
Compensated Absences	74,871.35
Bonds/Notes Payable-Current	0.00
CalPERS Pension -Liability Exp	525,941.00
CalPERS Pension - Inflows	43,711.00
Total Liabilities:	<u>706,195.67</u>
Fund Balance	
Fund Balance	7,469,825.87
Total Fund Balance:	<u>7,469,825.87</u>
Total Liabilities and Fund Balance:	<u>8,176,021.54</u>
Total Retained Earnings:	652,598.44
Total Fund Balance and Retained Earnings:	<u>8,122,424.31</u>
Total Liabilities, Fund Balance, and Retained Earnings:	<u>8,828,619.98</u>
Totals for Fund 01 - Water Fund:	<u>0.00</u>
<b>02 - Utica</b>	
Assets	
Cash & Investments	0.00
Total Assets:	<u>0.00</u>
Liabilities	
Accounts Payable	0.00
Total Liabilities:	0.00
Total Retained Earnings:	0.00
Total Fund Balance and Retained Earnings:	<u>0.00</u>
Total Liabilities, Fund Balance, and Retained Earnings:	<u>0.00</u>
Totals for Fund 02 - Utica:	<u>0.00</u>

03 - Enterprise

Assets

Cash & Investments

(358,710.97)

Total Assets: (358,710.97)

Liabilities

Accounts Payable

(55,230.06)

Payroll Liabilities

0.00

Total Liabilities: (55,230.06)

Total Retained Earnings: (303,480.91)

Total Fund Balance and Retained Earnings: (303,480.91)

Total Liabilities, Fund Balance, and Retained Earnings: (358,710.97)

Totals for Fund 03 - Enterprise: 0.00

06 - General

Assets

Cash & Investments

(171,277.05)

Total Assets: (171,277.05)

Liabilities

Accounts Payable

1,724.34

Payroll Liabilities

0.00

Customer Assistance

0.00

Total Liabilities: 914.34

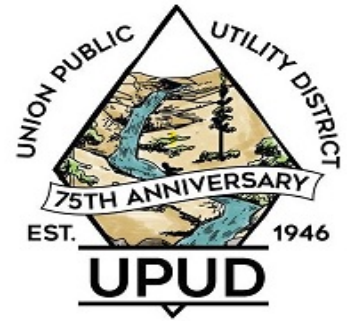
Total Retained Earnings: (172,182.66)

Total Fund Balance and Retained Earnings: (172,182.66)

Total Liabilities, Fund Balance, and Retained Earnings: (171,268.32)

Totals for Fund 06 - General: 0.00

General Ledger  
 Revenues by Category  
 September 2024



Account Number	Description	One Year Prior Actual	Budget	Period Amt	End Bal
<b>01</b>	<b>Water Fund</b>				
01-01-4100	Domestic Water Revenue	-389,169.53	-1,741,425.00	-155,093.38	-464,729.95
01-01-4105	Irrigation Water Revenue	-70,204.87	-147,000.00	-16,569.59	-49,840.25
01-01-4106	Utica Conveyance Fees	-92,571.00	-370,000.00	-30,942.00	-92,818.50
01-01-4107	Utica Irrigation Water Sales	-157.22	-157.00	0.00	0.00
01-01-4120	Hydrant Meter Revenue	-125.00	-2,000.00	0.00	-250.00
01-01-4160	Penalties	-2,710.00	-10,000.00	0.00	40.00
01-01-4180	Other - Water Related	-1,564.10	-5,000.00	-245.00	-545.00
01-01-4189	Meter Reset Fees	-1,000.00	-1,000.00	0.00	0.00
01-01-4190	Meter Connection Fees	-14,000.00	-14,000.00	0.00	0.00
01-01-4195	Non-Operating Income	0.00	-1,500.00	0.00	0.00
01-01-4200	Interest Earned	-24,192.92	-70,000.00	-11,661.13	-44,623.37
01-01-4300	County Taxes	-8,055.86	-165,000.00	0.00	0.00
01-01-4440	Garage Rental Revenue	-230.00	-1,200.00	0.00	0.00
01-01-4441	NCPA Facilities Use Agreement	0.00	-2,500.00	0.00	0.00
<b>01</b>	<b>Water Fund</b>	<b>-603,980.50</b>	<b>-2,530,782.00</b>	<b>-214,511.10</b>	<b>-652,767.07</b>
<b>Revenue Total</b>		<b><u>-603,980.50</u></b>	<b><u>-2,530,782.00</u></b>	<b><u>-214,511.10</u></b>	<b><u>-652,767.07</u></b>

# General Ledger

## YTD Budget Status

### September 2024

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 03	Enterprise							
Dept 03-03 Treatment								
	Salary & Benefits							
03-03-6100	Labor	88,798.00	21,480.10	21,480.10	67,317.90	0.00	67,317.90	75.81
03-03-6101	Sick Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-03-6102	Vacation Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-03-6103	Overtime	20,900.00	9,152.05	9,152.05	11,747.95	0.00	11,747.95	56.21
03-03-6104	On Call Pay	10,966.00	2,762.50	2,762.50	8,203.50	0.00	8,203.50	74.81
03-03-6105	WT Cert Bonus	500.00	0.00	0.00	500.00	0.00	500.00	100.00
03-03-6107	Temp Labor	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-03-6108	COVID Bonus Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-03-6110	FICA 7.65%	9,500.00	2,554.74	2,554.74	6,945.26	0.00	6,945.26	73.11
03-03-6300	Health Insurance	40,035.00	6,487.37	6,487.37	33,547.63	0.00	33,547.63	83.80
03-03-6301	Worker's Compensation	4,535.00	1,280.80	1,280.80	3,254.20	0.00	3,254.20	71.76
03-03-6400	CalPERS PR Expense	20,344.00	11,991.42	11,991.42	8,352.58	0.00	8,352.58	41.06
	Sub Totals:	195,578.00	55,708.98	55,708.98	139,869.02	0.00	139,869.02	71.52
	Misc. Operating Expense							
03-03-6209	Uniforms	600.00	490.68	490.68	109.32	0.00	109.32	18.22
03-03-6220	CV Autogate Expense	1,500.00	141.04	141.04	1,358.96	0.00	1,358.96	90.60
03-03-6303	Unemployment Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	2,100.00	631.72	631.72	1,468.28	0.00	1,468.28	69.92
	Utilities							
03-03-6204	Utilities	41,000.00	4,950.59	4,950.59	36,049.41	0.00	36,049.41	87.93
03-03-6500	Telephone	3,500.00	349.79	349.79	3,150.21	0.00	3,150.21	90.01
	Sub Totals:	44,500.00	5,300.38	5,300.38	39,199.62	0.00	39,199.62	88.09
	Materials/Supplies							
03-03-6202	Supplies	75,000.00	21,361.69	21,361.69	53,638.31	0.00	53,638.31	71.52
	Sub Totals:	75,000.00	21,361.69	21,361.69	53,638.31	0.00	53,638.31	71.52
	Professional Services							
03-03-6212	Water Analysis	22,000.00	3,307.00	3,307.00	18,693.00	0.00	18,693.00	84.97

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
03-03-6801	Professional Svc-Engineer	15,000.00	1,178.68	1,178.68	13,821.32	0.00	13,821.32	92.14
03-03-6804	Professional Svc-Other	20,000.00	2,683.04	2,683.04	17,316.96	0.00	17,316.96	86.58
	Sub Totals:	57,000.00	7,168.72	7,168.72	49,831.28	0.00	49,831.28	87.42
	Vehicles/Equipment							
03-03-6200	Repairs & Maintenance	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	100.00
03-03-6201	Equipment Repairs	7,500.00	0.00	0.00	7,500.00	0.00	7,500.00	100.00
03-03-6208	Equipment Rental	2,500.00	0.00	0.00	2,500.00	0.00	2,500.00	100.00
03-03-6215	Equipment Purchase to \$999	8,000.00	88.95	88.95	7,911.05	0.00	7,911.05	98.89
	Sub Totals:	23,000.00	88.95	88.95	22,911.05	0.00	22,911.05	99.61
	Capital Expenditure							
03-03-6205	Capital Exp/ Equip Pur >\$1K	1,513,552.00	231.25	231.25	1,513,320.75	0.00	1,513,320.75	99.98
	Sub Totals:	1,513,552.00	231.25	231.25	1,513,320.75	0.00	1,513,320.75	99.98
	Training/Travel							
03-03-6216	Education & Training	2,500.00	0.00	0.00	2,500.00	0.00	2,500.00	100.00
03-03-6450	Travel & Mileage	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	100.00
	Sub Totals:	3,500.00	0.00	0.00	3,500.00	0.00	3,500.00	100.00
	Permits/Fees							
03-03-6207	Permits & Fees	30,000.00	0.00	0.00	30,000.00	0.00	30,000.00	100.00
	Sub Totals:	30,000.00	0.00	0.00	30,000.00	0.00	30,000.00	100.00
	Expense Sub Totals:	1,944,230.00	90,491.69	90,491.69	1,853,738.31	0.00	1,853,738.31	95.35
	Dept 03 Sub Totals:	1,944,230.00	90,491.69	90,491.69	1,853,738.31	0.00		



Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Dept 03-04 Distribution								
	Salary & Benefits							
03-04-6100	Labor	273,045.00	78,417.37	78,417.37	194,627.63	0.00	194,627.63	71.28
03-04-6101	Sick Pay	0.00	392.75	392.75	-392.75	0.00	-392.75	0.00
03-04-6102	Vacation Pay	0.00	1,263.28	1,263.28	-1,263.28	0.00	-1,263.28	0.00
03-04-6103	Overtime	5,000.00	6,246.32	6,246.32	-1,246.32	0.00	-1,246.32	0.00
03-04-6104	On Call Pay	10,966.00	2,762.50	2,762.50	8,203.50	0.00	8,203.50	74.81
03-04-6105	TD Cert Bonus	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	100.00
03-04-6107	Temp Labor	15,000.00	0.00	0.00	15,000.00	0.00	15,000.00	100.00
03-04-6110	FICA	20,064.00	6,814.75	6,814.75	13,249.25	0.00	13,249.25	66.03
03-04-6300	Health Insurance	113,414.00	17,574.83	17,574.83	95,839.17	0.00	95,839.17	84.50
03-04-6301	Worker's Compensation	11,567.00	3,293.45	3,293.45	8,273.55	0.00	8,273.55	71.53
03-04-6400	CalPERS PR Expense	44,185.00	36,202.07	36,202.07	7,982.93	0.00	7,982.93	18.07
	Sub Totals:	494,241.00	152,967.32	152,967.32	341,273.68	0.00	341,273.68	69.05
	Misc. Operating Expense							
03-04-6209	Uniforms	2,000.00	517.30	517.30	1,482.70	0.00	1,482.70	74.14
	Sub Totals:	2,000.00	517.30	517.30	1,482.70	0.00	1,482.70	74.14
	Utilities							
03-04-6204	Utilities	4,640.00	995.52	995.52	3,644.48	0.00	3,644.48	78.54
03-04-6500	Telephone	4,400.00	621.09	621.09	3,778.91	0.00	3,778.91	85.88
	Sub Totals:	9,040.00	1,616.61	1,616.61	7,423.39	0.00	7,423.39	82.12
	Materials/Supplies							
03-04-6202	Supplies	24,000.00	5,059.66	5,059.66	18,940.34	0.00	18,940.34	78.92
	Sub Totals:	24,000.00	5,059.66	5,059.66	18,940.34	0.00	18,940.34	78.92
	Professional Services							
03-04-6212	Water Analysis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-04-6801	Professional Svc-Engineer	56,000.00	769.69	769.69	55,230.31	0.00	55,230.31	98.63
03-04-6804	Professional Svc-Other	30,000.00	2,890.59	2,890.59	27,109.41	0.00	27,109.41	90.36
	Sub Totals:	86,000.00	3,660.28	3,660.28	82,339.72	0.00	82,339.72	95.74
	Vehicles/Equipment							
03-04-6200	Repairs & Maintenance	8,000.00	0.00	0.00	8,000.00	0.00	8,000.00	100.00
03-04-6201	Equipment Repairs	6,000.00	1,052.22	1,052.22	4,947.78	0.00	4,947.78	82.46
03-04-6208	Equipment Rental	2,500.00	0.00	0.00	2,500.00	0.00	2,500.00	100.00
03-04-6211	Gas, Oil & Fuel	19,200.00	3,367.72	3,367.72	15,832.28	0.00	15,832.28	82.46
03-04-6215	Equipment Purchase to \$999	4,000.00	71.16	71.16	3,928.84	0.00	3,928.84	98.22
	Sub Totals:	39,700.00	4,491.10	4,491.10	35,208.90	0.00	35,208.90	88.69

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
03-04-6205	Capital Expenditure Capital Exp/Equip Pur > \$1K	80,000.00	13,522.09	13,522.09	66,477.91	0.00	66,477.91	83.10
	Sub Totals:	80,000.00	13,522.09	13,522.09	66,477.91	0.00	66,477.91	83.10
03-04-6216	Training/Travel	5,200.00	0.00	0.00	5,200.00	0.00	5,200.00	100.00
03-04-6450	Education & Training Travel & Mileage	800.00	0.00	0.00	800.00	0.00	800.00	100.00
	Sub Totals: Memberships	6,000.00	0.00	0.00	6,000.00	0.00	6,000.00	100.00
03-04-6206	Memberships	3,680.00	1,099.32	1,099.32	2,580.68	0.00	2,580.68	70.13
	Sub Totals:	3,680.00	1,099.32	1,099.32	2,580.68	0.00	2,580.68	70.13
03-04-6207	Permits/Fees Permits & Fees	500.00	0.00	0.00	500.00	0.00	500.00	100.00
	Sub Totals:	500.00	0.00	0.00	500.00	0.00	500.00	100.00
	Expense Sub Totals:	745,161.00	182,933.68	182,933.68	562,227.32	0.00	562,227.32	75.45
	Dept 04 Sub Totals:	745,161.00	182,933.68	182,933.68	562,227.32	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Dept 03-07 Irrigation								
	Salary & Benefits							
03-07-6100	Labor	68,262.00	10,685.56	10,685.56	57,576.44	0.00	57,576.44	84.35
03-07-6101	Sick Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6102	Vacation Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6103	Overtime	2,000.00	1,081.16	1,081.16	918.84	0.00	918.84	45.94
03-07-6104	On Call Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6105	TD Cert Bonus	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6107	Temp Labor	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6110	FICA	5,016.00	900.17	900.17	4,115.83	0.00	4,115.83	82.05
03-07-6300	Health Insurance	28,353.00	6,396.08	6,396.08	21,956.92	0.00	21,956.92	77.44
03-07-6301	Worker's Compensation	2,892.00	924.89	924.89	1,967.11	0.00	1,967.11	68.02
03-07-6400	CalPERS PR Expense	11,046.00	4,468.47	4,468.47	6,577.53	0.00	6,577.53	59.55
	Sub Totals:	117,569.00	24,456.33	24,456.33	93,112.67	0.00	93,112.67	79.20
	Misc. Operating Expense							
03-07-6209	Uniforms	500.00	129.33	129.33	370.67	0.00	370.67	74.13
	Sub Totals:	500.00	129.33	129.33	370.67	0.00	370.67	74.13
	Utilities							
03-07-6204	Utilities	1,160.00	215.88	215.88	944.12	0.00	944.12	81.39
03-07-6500	Telephone	1,100.00	178.46	178.46	921.54	0.00	921.54	83.78
	Sub Totals:	2,260.00	394.34	394.34	1,865.66	0.00	1,865.66	82.55
	Materials/Supplies							
03-07-6202	Supplies	6,000.00	1,099.74	1,099.74	4,900.26	0.00	4,900.26	81.67
	Sub Totals:	6,000.00	1,099.74	1,099.74	4,900.26	0.00	4,900.26	81.67
	Professional Services							
03-07-6212	Water Analysis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6801	Professional Svc-Engineer	14,000.00	157.73	157.73	13,842.27	0.00	13,842.27	98.87
03-07-6804	Professional Svc-Other	15,000.00	2,545.47	2,545.47	12,454.53	0.00	12,454.53	83.03
	Sub Totals:	29,000.00	2,703.20	2,703.20	26,296.80	0.00	26,296.80	90.68
	Vehicles/Equipment							
03-07-6200	Repairs & Maintenance	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	100.00
03-07-6201	Equipment Repairs	1,500.00	138.05	138.05	1,361.95	0.00	1,361.95	90.80
03-07-6208	Equipment Rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03-07-6211	Gas, Oil & Fuel	4,800.00	841.93	841.93	3,958.07	0.00	3,958.07	82.46
03-07-6215	Equipment Purchase to \$999	600.00	17.79	17.79	582.21	0.00	582.21	97.04
	Sub Totals:	8,900.00	997.77	997.77	7,902.23	0.00	7,902.23	88.79

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
03-07-6205	Capital Expenditure Capital Exp/Equip Pur > \$1K	80,000.00	0.00	0.00	80,000.00	0.00	80,000.00	100.00
	Sub Totals:	80,000.00	0.00	0.00	80,000.00	0.00	80,000.00	100.00
03-07-6216	Training/Travel	1,300.00	0.00	0.00	1,300.00	0.00	1,300.00	100.00
03-07-6450	Education & Training Travel & Mileage	100.00	0.00	0.00	100.00	0.00	100.00	100.00
	Sub Totals: Memberships	1,400.00	0.00	0.00	1,400.00	0.00	1,400.00	100.00
03-07-6206	Memberships	900.00	274.83	274.83	625.17	0.00	625.17	69.46
	Sub Totals:	900.00	274.83	274.83	625.17	0.00	625.17	69.46
03-07-6207	Permits/Fees Permits & Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Sub Totals:	246,529.00	30,055.54	30,055.54	216,473.46	0.00	216,473.46	87.81
	Dept 07 Sub Totals:	246,529.00	30,055.54	30,055.54	216,473.46	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	Fund Revenue Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Fund Expense Sub Totals:	2,935,920.00	303,480.91	303,480.91	2,632,439.09	0.00	2,632,439.09	89.66
	Fund 03 Sub Totals:	2,935,920.00	303,480.91	303,480.91	2,632,439.09	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 06	General							
Dept 06-00								
	Customer Assistance							
06-00-2000	Customer Assistance	0.00	-810.00	-810.00	810.00	0.00	810.00	0.00
	Sub Totals: Expense	0.00	-810.00	-810.00	810.00	0.00	810.00	0.00
	Sub Totals: Dept 00	0.00	-810.00	-810.00	810.00	0.00	810.00	0.00
	Sub Totals:	0.00	-810.00	-810.00	810.00	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Dept 06-06 Admin								
	Salary & Benefits							
06-06-6100	Labor	299,998.00	68,355.75	68,355.75	231,642.25	0.00	231,642.25	77.21
06-06-6101	Sick Pay	0.00	587.12	587.12	-587.12	0.00	-587.12	0.00
06-06-6102	Vacation Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6103	Overtime	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	100.00
06-06-6110	FICA	22,950.00	5,614.45	5,614.45	17,335.55	0.00	17,335.55	75.54
06-06-6300	Health Insurance	45,982.00	9,538.58	9,538.58	36,443.42	0.00	36,443.42	79.26
06-06-6301	Worker's Compensation	1,350.00	291.04	291.04	1,058.96	0.00	1,058.96	78.44
06-06-6304	Health Benefits Adm Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6400	CalPERS PR Expense	37,450.00	15,770.28	15,770.28	21,679.72	0.00	21,679.72	57.89
	Sub Totals:	408,730.00	100,157.22	100,157.22	308,572.78	0.00	308,572.78	75.50
	Misc. Operating Expense							
06-06-6203	Copier Expense	3,700.00	632.94	632.94	3,067.06	0.00	3,067.06	82.89
06-06-6209	Uniforms	500.00	0.00	0.00	500.00	0.00	500.00	100.00
06-06-6210	Postage	8,200.00	2,113.46	2,113.46	6,086.54	0.00	6,086.54	74.23
06-06-6217	Late Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6302	General Insurance	25,000.00	0.00	0.00	25,000.00	0.00	25,000.00	100.00
06-06-6303	Unemployment Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6805	Professional Svcs - IT	20,800.00	5,265.00	5,265.00	15,535.00	0.00	15,535.00	74.69
06-06-6810	Communications	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	100.00
06-06-6901	Contingencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	63,200.00	8,011.40	8,011.40	55,188.60	0.00	55,188.60	87.32
	Bad Debts							
06-06-6900	Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Elections							
06-06-6850	Election Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Interest Expense							
06-06-7102	Interest Expense-SRLF	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-7103	Interest Expense-All Points	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-7104	Interest Expense-West America	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-7105	Interest Expense-DG	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Banking Expense							
06-06-6213	Bank Fees	2,000.00	2,196.66	2,196.66	-196.66	0.00	-196.66	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
06-06-6903	Customer Transaction Fee	7,000.00	5,786.64	5,786.64	1,213.36	0.00	1,213.36	17.33
	Sub Totals:	9,000.00	7,983.30	7,983.30	1,016.70	0.00	1,016.70	11.30
	Utilities							
06-06-6204	Utilities	4,500.00	478.76	478.76	4,021.24	0.00	4,021.24	89.36
06-06-6500	Telephone	4,000.00	598.37	598.37	3,401.63	0.00	3,401.63	85.04
	Sub Totals:	8,500.00	1,077.13	1,077.13	7,422.87	0.00	7,422.87	87.33
	Materials/Supplies							
06-06-6202	Supplies	5,000.00	2,172.13	2,172.13	2,827.87	0.00	2,827.87	56.56
	Sub Totals:	5,000.00	2,172.13	2,172.13	2,827.87	0.00	2,827.87	56.56
	Professional Services							
06-06-6801	Professional Svc-Engineer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6802	Professional Svc-Legal	30,000.00	7,858.50	7,858.50	22,141.50	0.00	22,141.50	73.81
06-06-6803	Professional Svc-Accounting	20,000.00	0.00	0.00	20,000.00	0.00	20,000.00	100.00
06-06-6804	Professional Svc-Other	32,000.00	10,473.59	10,473.59	21,526.41	0.00	21,526.41	67.27
06-06-6806	Professional Svs - Software	30,000.00	27,921.91	27,921.91	2,078.09	0.00	2,078.09	6.93
	Sub Totals:	112,000.00	46,254.00	46,254.00	65,746.00	0.00	65,746.00	58.70
	Vehicles/Equipment							
06-06-6200	Repairs & Maintenance	10,000.00	0.00	0.00	10,000.00	0.00	10,000.00	100.00
06-06-6201	Equipment Repairs	500.00	0.00	0.00	500.00	0.00	500.00	100.00
06-06-6208	Equipment Rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-06-6215	Equipment Purchases to \$999	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	100.00
	Sub Totals:	15,500.00	0.00	0.00	15,500.00	0.00	15,500.00	100.00
	Capital Expenditure							
06-06-6205	Capital Exp/Equip Pur > \$1K	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Training/Travel							
06-06-6216	Education & Training	6,000.00	1,798.00	1,798.00	4,202.00	0.00	4,202.00	70.03
06-06-6450	Travel & Mileage	12,000.00	1,159.03	1,159.03	10,840.97	0.00	10,840.97	90.34
	Sub Totals:	18,000.00	2,957.03	2,957.03	15,042.97	0.00	15,042.97	83.57
	Memberships							
06-06-6206	Memberships	23,000.00	4,130.45	4,130.45	18,869.55	0.00	18,869.55	82.04
	Sub Totals:	23,000.00	4,130.45	4,130.45	18,869.55	0.00	18,869.55	82.04
	Permits/Fees							
06-06-6207	Permits & Fees	200.00	250.00	250.00	-50.00	0.00	-50.00	0.00



Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	Sub Totals: Expense	200.00	250.00	250.00	-50.00	0.00	-50.00	0.00
	Sub Totals: Dept 06	663,130.00	172,992.66	172,992.66	490,137.34	0.00	490,137.34	73.91
	Sub Totals:	663,130.00	172,992.66	172,992.66	490,137.34	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	Fund Revenue Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Fund Expense Sub Totals:	663,130.00	172,182.66	172,182.66	490,947.34	0.00	490,947.34	74.03
	Fund 06 Sub Totals:	663,130.00	172,182.66	172,182.66	490,947.34	0.00		

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	Revenue Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Totals:	3,599,050.00	475,663.57	475,663.57	3,123,386.43	0.00	3,123,386.43	86.78
	Report Totals:	3,599,050.00	475,663.57	475,663.57	3,123,386.43	0.00		



UPUD legal fees invoiced to date for January 2023 - Present.

Primary Column	Description	Hours	Total Charge
<b>▣ TOTAL FEES</b>			<b>\$85,654.80</b>
<b>▣ Hatfield v. UPUD</b>		<b>226.52</b>	<b>\$85,654.80</b>
+	February 2023	4.3	\$1,397.50
+	April 2023	8.1	\$2,632.50
+	July 2023	5.32	\$1,787.50
+	August 2023	53.35	\$19,908.30
+	September 2023	18.4	\$7,811.28
+	October 2023	25.8	\$10,115.32
+	November 2023	44.7	\$15,784.06
+	December 2023	39.6	\$14,108.05
+	January 2024	7.85	\$3,506.92
+	February 2024	9.95	\$3,090.25
+	March 2024	2	\$612.50
+	April 2024	1.1	\$468.22
+	May 2024	0.1	\$4.40
+	June 2024	0.75	\$228.00
+	July 2024	0.8	\$2,624.50
+	September 2024	4.4	\$1,575.50

# Agenda Item

**DATE:** October 23, 2024

**TO:** UPUD Board of Directors

**FROM:** Jessica Self, General Manager

**SUBJECT:** Adoption of a Resolution Approving Financing Documents  
Related to Acquisition and Installation of Electric Panel

---

## **RECOMMENDED ACTION:**

Motion to adopt Resolution No. 2024-022 Authorizing the Execution and Delivery of an Installment Purchase Contract Related to Acquisition and Installation of Electric Panel.

## **BACKGROUND INFORMATION:**

The District desires to finance the acquisition and installation of an electric panel from the proceeds of a tax-exempt borrowing from EverBank, N.A. The borrowing will be structured as an Installment Purchase Contract through which EverBank, N.A. will provide funds to acquire and install the electric panel and the District will repay the borrowed funds (solely from net revenues of the District's water enterprise) on an installment basis, with semi-annual payments due on March 1 (interest) and September 1 (interest and principal) of each year from 2025 through 2034.

Kutak Rock LLP, the District's bond counsel, has drafted an Installment Purchase Contract and negotiated the terms thereof with EverBank, N.A. and its counsel. Kutak Rock LLP has also worked with staff to prepare a resolution approving the Installment Purchase Contract and a Debt Management Policy governing the District's issuance of debt as required by Government Code Section 8855(i) and authorizing the District to execute related closing documents, including a tax certificate.

The Installment Purchase Contract will be entered into with CSDA Finance Corporation, a California nonprofit public benefit corporation, which will assign its right to receive installment payments to EverBank, N.A.

Under the Installment Purchase Contract, funds in the amount of \$1,500,000.00 (representing the amount borrowed (\$1,590,000.00) less fees of: (i) Kutak Rock LLP; (ii) Oppenheimer & Co. Inc., as placement agent; (iii) Best Best & Krieger LLP, as the District's General Counsel; (iv) CSDA Finance Corporation; and (v) Nixon Peabody LLP, as EverBank, N.A.'s counsel), will be made available to the District immediately upon closing.

The Installment Purchase Contract includes the following provisions:

- (i) a description of the procedure by which the General Manager may requisition funds to pay for the acquisition and installation of the electric panel;

- (ii) a pledge of net revenues (i.e., revenues remaining after payment of operation and maintenance costs) of the District's water enterprise to repay the installment payments;
- (iii) a covenant not to enter into additional debt except in compliance with the Installment Purchase Contract, which requires a showing of sufficient net revenues to cover 120% of the debt service on the Installment Purchase Contract and the proposed additional debt;
- (iv) a covenant to set water rates and charges at levels that are expected to generate sufficient net revenues to cover payments due under the Installment Purchase Contract;
- (v) a description of events of default; and
- (vi) a description of the conditions under which the District may prepay the installment payments prior to maturity in 2034.

Adoption of the approving resolution will authorize the District to execute the Installment Purchase Contract and related documents and to close the financing. Closing is currently anticipated to occur on November 6, 2024.

#### FINANCIAL CONSIDERATIONS:

Adoption of the resolution will authorize the District to borrow up to \$1,600,000 to be repaid over 10 years at an interest rate of 4.56% per annum, for total debt service of approximately \$2,002,813.

#### *Attachments:*

- *Resolution 2024-022 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UNION PUBLIC UTILITY DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED ACTIONS*
- *Installment Purchase Contract*
- *Debt Management Policy*

**RESOLUTION NO. 2024-022**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UNION PUBLIC UTILITY DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED ACTIONS**

**WHEREAS**, the Union Public Utility District (the “District”) is a local government agency that is formed and operating in accordance with Section 61000 *et seq.* of the California Government Code; and

**WHEREAS**, the District is authorized to acquire, improve, construct and install capital improvements which are necessary for its operation; and

**WHEREAS**, the District desires to acquire and install an electric panel comprising part of its water utility system; and

**WHEREAS**, the District desires to finance the costs of acquiring, constructing and installing such electric panel (the “Project”); and

**WHEREAS**, to provide funds necessary to finance the Project, the District desires to enter into that certain Installment Purchase Contract (the “Installment Purchase Contract”) with CSDA Finance Corporation (the “Corporation”) in the form presented to this meeting, with such changes, insertions and omissions as are authorized pursuant to this resolution; and

**WHEREAS**, the Corporation intends to assign without recourse certain of its rights under and pursuant to the Installment Purchase Contract to EverBank, N.A. (the “Bank”) pursuant to an Assignment Agreement between the Bank and the Corporation; and

**WHEREAS**, the District desires to pledge Net Revenues of its Enterprise (as such terms are defined in the Installment Purchase Contract) to repay its obligations under the Installment Purchase Contract; and

**WHEREAS**, the District desires to appoint Kutak Rock LLP as special counsel (“Special Counsel”) and Oppenheimer & Co. Inc. as placement agent (the “Placement Agent”) in connection with the financing of the Project; and

**WHEREAS**, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), under certain circumstances, certain obligations the interest on which is exempt from federal income tax under Section 103 of the Code may be designated by the issuer as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institutions’ interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code; and

**WHEREAS**, the Board of Directors of the District (the “Board”) wishes to designate the Installment Purchase Contract as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code; and

**WHEREAS**, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the Board obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of debt instruments such as the Installment Purchase Contract, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Purchase Contract; (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract; (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract; and (d) the sum total of all debt service payments on the Installment Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract; and

**WHEREAS**, in compliance with SB 450, the Board obtained from the Corporation the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

**WHEREAS**, California Government Code Section 8855(i) requires each issuer of debt to adopt a debt management policy; and

**WHEREAS**, in compliance with Government Code Section 8855(i), the District wishes to adopt a debt management policy in the form presented to this meeting; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UNION PUBLIC UTILITY DISTRICT, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**SECTION 1.** Recitals. The foregoing recitals are true and correct.

**SECTION 2.** Approval of Installment Purchase Contract. The form of Installment Purchase Contract submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The President of the Board, and such other member of the Board as the President may designate, the General Manager of the District and such other officers of the District as the General Manager of the District may designate (each, an “Authorized Officer”) are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Contract in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve,



with the advice and approval of the District’s General Counsel and Special Counsel, such requirement or approval to be conclusively evidenced by the execution and delivery of the Installment Purchase Contract by such Authorized Officer, so long as the maturity of the Installment Payments (as such term is defined in the Installment Purchase Contract) payable thereunder does not exceed June 30, 2035, the interest rate with respect to the Installment Payments does not exceed 4.56% and the principal amount of the Installment Payments does not exceed \$1,600,000.

**SECTION 3. Qualification Under Code Section 265(b)(3).** The Installment Payments due under the Installment Purchase Contract are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and determines that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2024 is not expected to exceed \$10,000,000.

**SECTION 4. Special Fund.** The Board hereby authorizes and directs the President of the Board, the General Manager of the District or a designee in writing to make appropriate arrangements to establish a special fund into which the proceeds of the financing received by the District are deposited for the purpose of paying the costs of the Project.

**SECTION 5. Appointment of Consultants.** The Board hereby appoints the firm of Kutak Rock LLP as Special Counsel and the firm of Oppenheimer & Co. Inc. as Placement Agent in connection with the financing of the Project. The Board hereby authorizes the General Manager to execute and deliver agreements with said firms for their services. Payment of fees and expenses with respect to such agreements shall be contingent upon the execution of the Installment Purchase Contract.

**SECTION 6. Good Faith Estimates.** In accordance with SB 450, good faith estimates of the matters required thereunder have been obtained from the Corporation and are set forth on Exhibit A attached hereto.

**SECTION 7. Approval of Debt Management Policy.** The District hereby approves the Debt Management Policy in substantially the form presented to the District at this meeting and adopts such policy as the “local debt policy” of the District pursuant to California Government Code Section 8855(i).

**SECTION 8. Other Actions Authorized.** The Authorized Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, including but not limited to a fee agreement, costs of issuance agreement, custodian agreement or other similar agreements which in consultation with the District’s General Counsel and Special Counsel they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Authorized Officers or staff members are hereby ratified and confirmed.

**SECTION 9. Effect.** This resolution shall take effect immediately.

**APPROVED** and **ADOPTED** by the Board of Directors and signed by the President and attested by the District Clerk this 23rd day of October, 2024.

\_\_\_\_\_  
Eric Bottomley, Board President  
Union Public Utility District

Attest:

\_\_\_\_\_  
Jenna Mayo, Clerk to the Board

Approved as to Form:

\_\_\_\_\_  
Frank Splendorio, District Legal Counsel

## **EXHIBIT A**

### **SB 450 DISCLOSURE OF GOOD FAITH ESTIMATES**

The following information consists of estimates that have been provided by the Placement Agent and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Installment Purchase Contract: 4.56%
- (B) Finance Charge of the Installment Purchase Contract (Sum of all fees/charges paid to third parties): \$90,000
- (C) Net Proceeds of the Installment Purchase Contract to be Received (net of finance charges, reserves and capitalized interest, if any): \$1,500,000
- (D) Total Payment Amount through Maturity of the Installment Purchase Contract: \$2,002,813

The foregoing constitute good faith estimates only. The principal amount of the Installment Purchase Contract, the true interest cost of the Installment Purchase Contract, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the execution of the Installment Purchase Contract being different than the date assumed for purposes of such estimates; (b) the actual principal amount of the Installment Purchase Contract being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Installment Purchase Contract being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Installment Purchase Contract being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, or a combination of such factors.

The actual date of execution of the Installment Purchase Contract and the actual principal amount of the Installment Purchase Contract will be determined by the District based on a variety of factors. The actual interest rates borne by the Installment Purchase Contract will depend on market interest rates at the time of sale thereof. The actual amortization of the Installment Purchase Contract will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

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**INSTALLMENT PURCHASE CONTRACT**

**between the**

**UNION PUBLIC UTILITY DISTRICT**

**and**

**CSDA FINANCE CORPORATION**

**Dated as of November 1, 2024**

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## INSTALLMENT PURCHASE CONTRACT

This INSTALLMENT PURCHASE CONTRACT, dated as of November 1, 2024 (the “**Installment Purchase Contract**”), is entered into by and between the UNION PUBLIC UTILITY DISTRICT, a community services district that duly organized and validly existing under the laws of the State of California (the “**District**”), and CSDA FINANCE CORPORATION, a nonprofit public benefit corporation that is duly organized and validly existing under the laws of the State of California (the “**Corporation**”).

### RECITALS

A. The District is authorized by the laws of the State of California, including but not limited to Government Code Section 61060(d), (h) and (n), to acquire property and facilities for the benefit of the District and to finance the acquisition, construction and installation of such property and facilities through the execution of installment purchase contracts.

B. The District has determined it to be operationally necessary to acquire and install an electric panel for the benefit of its water utility system (the “**Project**”).

C. The District proposes to finance the acquisition of the Project.

D. The Corporation has been formed for the purpose of, among other things, assisting public agencies such as the District in financing property and facilities useful to them, and the Corporation is authorized to assist the District in the financing, construction, acquisition, installation and improvement of the District’s property and facilities.

E. The Corporation has agreed to assist the District in financing the Project.

F. The District and the Corporation have duly authorized the execution of this Installment Purchase Contract.

G. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Installment Purchase Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Contract.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

### **ARTICLE I. DEFINITIONS**

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof, and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following

definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Acquisition,” “Acquire” or “Acquired” means, with respect to the Project, the acquisition or perfection of an ownership or capacity interest in the Project, or the construction, refinancing or ownership of the Project.

“Acquisition Costs” with respect to the Project means the contract price paid or to be paid for the Acquisition of the Project.

“Acquisition Fund” means the fund established and held by the District pursuant to Section 2.05 hereof.

“Act” means the California Community Services District Law (Division 3 of Title 6 of the Government Code of the State of California, commencing with Section 61000).

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues: (i) arising from any increase in the charges made for service from the Enterprise adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District; and (ii) arising from any increase in service connections to the Enterprise prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such connections had been in existence during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Alternate Project” means an alternate project designated by the District pursuant to Section 2.01.

“Assignment Agreement” means the Assignment Agreement, dated as of November 1, 2024, by and between the Corporation and the Lender relating to this Installment Purchase Contract.

“Authorized Officer” means the President of the Board of Directors of the District or the General Manager of the District.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California and New York.

“Closing Date” means November 6, 2024.

“Corporation” means CSDA Finance Corporation, a nonprofit public benefit corporation that is organized and existing under the laws of the State of California, and any successor thereto.

“Debt Service” means, for any Fiscal Year, the sum of: (i) the Installment Payments (except to the extent that interest has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged) required to be paid hereunder during such Fiscal Year; (ii) the interest falling due during such Fiscal



Year on all Parity Obligations (which are outstanding under the documents or agreements pursuant to which they were issued), assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged); (iii) the principal amount of all serial Parity Obligations (which are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (iv) the minimum amount of term Parity Obligations (which are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of: (1) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding); (2) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation; and (3) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Tax Code, the most recently published The Bond Buyer Revenue Bond Index (or comparable index if no longer published) plus fifty (50) basis points; or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus fifty (50) basis points.

“Debt Service Fund” means the fund established in Section 3.04 hereof.

“Debt Service Payments” means the payments of Debt Service.

“Default Rate” means the then-applicable interest rate hereunder plus 3.00% per annum.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District, the Corporation or the Lender relating to the financing of the Project, including but not limited to filing costs, settlement costs, initial fees and charges of the Corporation or the Lender and their counsel, financing discounts, outside legal fees and charges, financial and other professional consultant fees, and charges and fees in connection with the foregoing.

“District” means the Union Public Utility District, a community services district that is duly organized and existing under the Constitution and laws of the State of California, and its successors and assigns.

“Due Date” means the date three (3) Business Days prior to an Interest Payment Date.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Enterprise” means the entire water supply, treatment and delivery system owned or operated by the District, including but not limited to all facilities, properties and improvements at any time owned or operated by the District for the supply, treatment and delivery of water within the service area of the District, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the District.

“Environmental Regulations” means all Laws and Regulations, now or hereafter in effect, with respect to hazardous materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601 *et seq.*) (together with the regulations promulgated thereunder, CERCLA), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901 *et seq.*) (together with the regulations promulgated thereunder, RCRA), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001 *et seq.*) (together with the regulations promulgated thereunder, Title III), the Clean Water Act, as amended (33 U.S.C. Section 1321 *et seq.*) (together with the regulations promulgated thereunder, CWA), the Clean Air Act, as amended (42 U.S.C. Section 7401 *et seq.*) (together with the regulations promulgated thereunder, CAA) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 *et seq.*) (together with the regulations promulgated thereunder, TSCA), and any state or local similar Laws and Regulations and any so-called local, state or federal “superfund” or “superlien” law and any other applicable state, local or federal environmental laws or regulations.

“Event of Default” means an event of default described in Section 7.01.

“Event of Taxability” means, with respect to this Installment Purchase Contract: (i) the application of the proceeds of this Installment Purchase Contract in such a manner that this Installment Purchase Contract becomes an “arbitrage bond” within the meaning of Tax Code Sections 103(b)(2) and 148, and with the result that interest components of the Installment Payments are or become includable in the Lender’s gross income (as defined in Tax Code Section 61); or (ii) if as the result of any act, failure to act or use of the proceeds of this Installment Purchase Contract or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in this Installment Purchase Contract by the District or the enactment of any federal legislation or the promulgation of any federal rule or regulation after the date of this Installment Purchase Contract, the interest component of Installment Payments is or becomes includable in the Lender’s gross income (as defined in Tax Code Section 61); and (iii) the District does not undertake any remedial action afforded to it by the Internal Revenue Service.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fiscal Year” means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

“Governmental Loan” means a loan from the State or the United States of America, acting through any of its agencies, to finance improvements to the Enterprise, and the obligation of the District

to make payments to the State or the United States of America under the loan agreement memorializing said loan on a parity basis with the payment of Installment Payments.

“Gross Revenues” means all gross charges (including surcharges, if any) received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to: (i) connection charges; (ii) investment earnings on amounts held in the Revenue Fund or in any other fund established with respect to the Enterprise; (iii) the proceeds of any *ad valorem* property taxes levied for the purpose of paying bonded indebtedness of the District relating to the Enterprise; and (d) rental income related to the Enterprise. Gross Revenues do not include: (1) refundable deposits made to establish credit; and (2) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprise. Gross Revenues shall also include interest with respect to any Parity Obligations reimbursed to or on behalf of the District by the United States of America. Gross Revenues shall also be increased by the amounts, if any, transferred during such Fiscal Year from a Rate Stabilization Fund to the Revenue Fund.

“Independent Financial Consultant” means a financial consultant or firm of such consultants that is appointed by the District, and who, or each of whom: (i) is in fact independent and not under domination of the District; (ii) does not have any substantial interest, direct or indirect, with the District; (iii) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District; and (iv) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

“Installment Payments” means the installment payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit B to this Installment Purchase Contract.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2025.

“Laws and Regulations” means federal, regional, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other governmental authority having jurisdiction as may be in effect from time to time.

“Lender” means initially, EverBank, N.A., and thereafter any successor or assign.

“Maintenance and Operation Costs” of the Enterprise means the reasonable and necessary costs and expenses paid by the District to maintain and operate the Enterprise, including but not limited to: (i) costs of electricity and other forms of energy supplied to the Enterprise; (ii) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order; (iii) the reasonable administrative costs of the District attributable to the operation and maintenance of the Enterprise; (iv) the costs of purchasing, producing and supplying water to the Enterprise; and (v) the costs of procuring supplies for and operating water distribution and treatment facilities for the Enterprise. Maintenance and Operation Costs do not include: (1) debt service payable on obligations incurred by the District with respect to the Enterprise, including but not limited to Debt Service Payments; (2) depreciation, replacement and obsolescence

charges or reserves therefor; or (3) amortization of intangibles or other bookkeeping entries of a similar nature.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner: (i) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District; (ii) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Purchase Contract or to meet or perform its obligations under this Installment Purchase Contract on a timely basis; (iii) the validity or enforceability of this Installment Purchase Contract; or (iv) the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Maximum Annual Debt Service” means the largest annual sum of Debt Service Payments during the period from the date of such determination through the later of: (i) the final Interest Payment Date hereunder; or (ii) the maturity date of Parity Obligations reflected by such Debt Service Payments.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, all of the Gross Revenues during such period less all of the Maintenance and Operation Costs during such period.

“Outstanding” means: (i) when used as of any particular time with reference to this Installment Purchase Contract, all Installment Payments except Installment Payments paid or deemed to have been paid within the meaning of Article VI; and (ii) when used as of any particular time with reference to any Parity Obligation, all debt service payments due and owing on such Parity Obligation except debt service payments paid or deemed to have been paid pursuant to the terms of such Parity Obligation.

“Parity Obligations” means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the District, now or hereafter existing, which are payable from and secured by a pledge of and lien upon all or any portion of the Net Revenues on a parity with the payment of the Installment Payments pursuant to Section 4.01 hereof.

“Permitted Investments” means any investment that is a legal investment under the laws of the State for the moneys proposed to be invested therein.

“Project” means the project described in Exhibit A attached hereto, including any Alternate Project.

“Rate Stabilization Fund” means any fund established and held by the District as a fund for the stabilization of rates and charges imposed by the District with respect to the Revenue Fund, which fund is established, held and maintained in accordance with Section 3.05(c).

“Revenue Fund” means, collectively, the fund or funds maintained by the District into which it deposits Gross Revenues.

“State” means the State of California.

“Taxable Rate” means 6.25% per annum.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Tax Code shall be deemed to be a reference to any successor to any such section.

## **ARTICLE II. SALE AND PURCHASE OF THE PROJECT**

Section 2.01 Sale and Purchase of the Project. The Corporation hereby agrees to cause the Project, and any additions or modifications thereto to be acquired, constructed or installed, as applicable, by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Corporation, the complete acquisition, construction and installation of the Project. The District hereby agrees that it will cause the construction, acquisition and installation of the Project to be diligently performed upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses. The Lender on the Closing Date will wire: (i) the fee of \$5,000 to the Corporation as its counterparty fee and counsel fee; (ii) the fee of \$10,000 to the Lender’s counsel; (iii) the fee of \$10,000 to general counsel to the District; (iv) the fee of \$35,000 to the placement agent; and (v) the fee of \$25,000 to special counsel to the District.

In consideration for the Installment Payments as set forth in Section 3.01, the Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the Project at the purchase price specified below and otherwise in the manner and in accordance with the provisions of this Installment Purchase Contract.

All right, title and interest in each component of the Project shall vest in the District immediately upon the acquisition, construction or installment thereof. Such vesting shall occur without further action by the Corporation or District and the Corporation shall, if requested by the District, if necessary, to assure such automatic vesting, deliver any and all documents required to assure such vesting.

The District hereby covenants to use the proceeds received from the Corporation hereunder for the costs and expenses of the Acquisition of the Project. The District may change the specifications of the Project, so long as such change does not substantially alter the nature of the Project; provided, however, that the District and the Lender, as assignee of the Corporation under the Assignment Agreement, in their sole discretion, may jointly designate an Alternate Project. In the event an Alternate Project is designated, the District shall certify in writing to the Lender that Acquisition Costs shall not materially decrease as a result from such change. In the event that Acquisition Costs shall materially increase as a result of the designation of an Alternate Project, prior to designating such Alternate Project, the District shall either deposit in the Acquisition Fund an amount sufficient to pay such increase, or shall certify in writing to the Lender that funds sufficient to pay such increase in Acquisition Costs are otherwise available to the District.

The Corporation, upon the effective date hereof, agrees to cause to be deposited in the Acquisition Fund the aggregate amount of \$1,505,000.00 respecting its purchase of the Project

hereunder. In the event that the money so deposited as first above provided is insufficient to pay all the costs of the Acquisition of the Project, the Corporation shall have no obligation whatsoever to use or provide any additional funds for the purposes described in this Article II.

In the event that the Corporation fails to observe or perform any agreement, condition, covenant or term contained herein required to be observed or performed by it, the District may institute such action or proceeding against the Corporation as the District may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof; provided, however, that the District shall have no right to terminate this Installment Purchase Contract as a remedy to such failures. The District may, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to protect or secure its rights hereunder, and in such event the Corporation agrees to cooperate fully with the District and to take all action necessary to effect the substitution of the District for the Corporation in any action or proceeding if the District shall so request.

Section 2.02 Indemnification and Expenses of the Corporation. The District hereby agrees to indemnify and hold harmless the Corporation and its directors, officers and employees if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and the Assignment Agreement; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Assignment Agreement by the Corporation.

Section 2.03 Corporation not Liable. The Corporation and its directors, officers and employees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, or about or relating to the Project, and in no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection herewith or arising hereunder.

Section 2.04 Disclaimer of the Corporation. The District acknowledges and agrees that the Corporation makes no representation or warranty, express or implied, as to the Enterprise or the Project, except as expressly set forth in this Installment Purchase Contract. The District acknowledges that all risks relating to the Enterprise or the Project or the transactions contemplated hereby, are to be borne by the District, and the benefits of any and all implied warranties and representations of the Corporation are hereby waived by the District.

Section 2.05 Acquisition Fund. There is hereby established with the District a fund known as the "Acquisition Fund," which the District shall maintain and hold in an account that is separate from the Revenue Fund and each of the District's other funds and accounts. On the Closing Date, \$1,505,000.00 shall be deposited into the Acquisition Fund, and the District agrees to cause the Lender to disburse Delivery Costs in the total amount of \$[90,000] on the District's behalf pursuant to a requisition of the District executed on the Closing Date. The moneys in the Acquisition Fund shall be applied to the payment of the costs of Acquisition of the Project or to reimburse the District for previous costs expended in the acquisition or construction of the Project, and of expenses incidental thereto.

Before any payment is made from the Acquisition Fund, the General Manager of the District shall cause to be filed with the Executive Administrative Coordinator of the District a Requisition in

the form set forth in Exhibit C hereto. Upon receipt of such Requisition, the Executive Administrative Coordinator of the District shall pay the amount set forth therein.

When the Project shall have been constructed and acquired in accordance with this Installment Purchase Contract, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Executive Administrative Coordinator of the District by the General Manager of the District. Upon the receipt of such statement, the Executive Administrative Coordinator of the District will transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified by the General Manager of the District) to the Debt Service Fund.

The District hereby grants to the Lender a first priority security interest in the Acquisition Fund to secure the District's obligations hereunder. If the Lender declares all of the principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, any remaining balance in the Acquisition Fund shall be applied to pay unpaid Installment Payments, if so directed by the Lender.

### **ARTICLE III. INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS**

Section 3.01 Payment of the Installment Payments. The total principal amount of the Installment Payments owed and to be paid by the District to the Lender, as assignee of the Corporation under the Assignment Agreement, for the Project is \$1,590,000, plus interest thereon, calculated at the rate of 4.56% per annum. The Installment Payments shall, subject to any rights of prepayment of the District provided in Article VI, be due in installments in the amounts and on the dates described in Exhibit B attached hereto.

Each Installment Payment shall be payable to the Lender in accordance with the terms hereof and at the times required by this Section 3.01 in lawful money of the United States of America. In the event that the District fails to make any of the payments required to be made by it under this Section 3.01, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same with the stated interest thereon at the rate set forth in the preceding paragraph.

The obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VI hereof), the District will not, under any circumstances, discontinue, abate or suspend any Installment Payments required to be made by it under this Section 3.01 when due, whether or not the Enterprise or any part thereof is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

Section 3.02 Interest Component of the Installment Payments. The Installment Payments shall bear interest from the Closing Date until the payment of the principal thereof and the prepayment premiums, if any, thereon, shall have been made or provided for in accordance with the provisions of Article VI hereof, whether at maturity, upon prepayment or otherwise. Interest accrued on the Installment Payments from the Closing Date and from each Interest Payment Date to, but not including, the next succeeding Interest Payment Date shall be paid on each such succeeding Interest Payment Date and shall be computed on the basis of a year of 360 days and twelve 30-day months. In the event of an Event of Default hereunder, the interest component of the portion of the Installment Payment shall be calculated based on the Default Rate. In the event of an Event of Taxability, the interest component of the portion of the Installment Payment shall be calculated based on the Taxable Rate.

Section 3.03 Establishment of Accounts. The funds and accounts and flow of funds set forth in this Article III are hereby established and shall control to the extent inconsistent with any other terms of this Installment Purchase Contract.

Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Fund. The District hereby irrevocably pledges all of the Net Revenues to the punctual payment of the Installment Payments and any Parity Obligations, and such Net Revenues, except as otherwise permitted herein, shall not be used for any other purposes while any of the Installment Payments are due hereunder. The pledge of Net Revenues to secure the Installment Payments and any Parity Obligations shall constitute a first lien on the Net Revenues for the payment of such Installment Payments and such Parity Obligations in accordance with the terms hereof and thereof.

There is hereby established with the District a fund known as the “Debt Service Fund,” which the District shall maintain and hold in trust separate and apart from other funds held by it. Within the Debt Service Fund, the District shall establish a “Debt Service Account” and a “Redemption Account.” Installment Payments made by the District shall be deposited in the Debt Service Account. Such payments shall be net of amounts already on deposit therein that are in excess of the amount required to accumulate therein pursuant to Section 3.01 above. The District shall transfer the money contained in the Debt Service Account and the Redemption Account at the following respective times in the following respective accounts in the following order of priority in the manner hereinafter provided, each of which accounts the District hereby agrees to establish and maintain so long as any Installment Payments are due hereunder, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(i) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the District solely for the purpose of paying Installment Payments and principal of and interest on any Parity Obligations on each Interest Payment Date. The District shall be entitled to receive as a credit against Installment Payments an amount equal to the amount of any balance contained in the Debt Service Account prior to the Due Date for such Installment Payments (excluding money designated or necessary for the payment of Parity Obligations).

(ii) Redemption Account. The District, on any optional prepayment date, shall deposit in the Redemption Account moneys to accomplish any such optional prepayment. All moneys in the Redemption Account shall be used and withdrawn by the District solely for the purpose of paying the Installment Payments to be optionally prepaid on their respective prepayment dates.

Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and Maintenance of Accounts for Gross Revenues; Use and Withdrawal of Gross Revenues. The District covenants and



agrees that all Gross Revenues, when and as received, will be received and held by the District in trust hereunder for the benefit of the Lender, as assignee of the Corporation under the Assignment Agreement, and for the benefit of the holders of any Parity Obligations. All Gross Revenues will be deposited by the District in the Revenue Fund (which the District hereby covenants and agrees to maintain so long as any Installment Payments are due hereunder) and will be accounted for through and held in trust in the Revenue Fund; provided that the District may withdraw such amounts in the Revenue Fund as may be necessary to make refunds for amounts paid in advance for services provided by the Enterprise, which such service was not thereafter made available or provided. All Gross Revenues held by the District shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

All Gross Revenues in the Revenue Fund shall be set aside by the District or deposited by the District as follows and in the following order of priority:

(a) Maintenance and Operation Costs of the Enterprise. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(b) Debt Service Funds. Installment Payments payable pursuant to Section 3.01 above, and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms hereof and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(c) General Expenditures. All Gross Revenues not required to be withdrawn pursuant to the provisions of (a) and (b) above shall be used for expenditure for any lawful purpose of the District, including payment of any rebate requirement or of any obligation subordinate to the payment of all amounts due hereunder or under Parity Obligations.

The District may maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the District may deposit in the Rate Stabilization Fund, from remaining Net Revenues described in this Section 3.05(c) or other available funds of the District, such amounts as the District shall determine. The District may withdraw amounts from the Rate Stabilization Fund: (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year; or (ii) for any other lawful use of the District. Amounts so transferred from the Rate Stabilization Fund to the Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year and will be applied for the purposes of the Revenue Fund. All interest or other earnings upon deposit in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Installment Payments or any Parity Obligations.

Section 3.06 Investment of Funds. Amounts on deposit in any fund or account created pursuant to this Installment Purchase Contract shall be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder. Interest or profit received on such investments shall be deposited to the

Debt Service Fund in which such investments are then held. In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest.

If at any time an investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds five percent (5%) of invested funds, such investment shall be sold or liquidated.

#### **ARTICLE IV. PARITY OBLIGATIONS**

##### Section 4.01 Parity Obligations.

(a) So long as any Installment Payments are due hereunder, the District shall not issue or incur any obligations payable from Net Revenues or the Revenue Fund on a senior or superior basis to the Installment Payments.

(b) The District may at any time issue Parity Obligations payable from Net Revenues on a parity with the Installment Payments to provide financing for the Enterprise in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing;

(2) The Net Revenues, calculated in accordance with Generally Accepted Accounting Principles, either: (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of the District; or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Financial Consultant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred and twenty percent (120%) of the amount of Maximum Annual Debt Service.

Notwithstanding the above, the District may issue Parity Obligations payable from Net Revenues on a parity basis with the Installment Payments to refund and defease any outstanding Parity Obligations if debt service on the refunding debt in each Fiscal Year following the defeasance is less than debt service for such Fiscal Years on the refunded Parity Obligations if such defeasance did not occur. With the prior written consent of the Lender, the District may also incur debt payable from Net Revenues that is payable on a basis subordinate to the payment of the Installment Payments.

#### **ARTICLE V. REPRESENTATIONS, COVENANTS AND WARRANTIES**

Section 5.01 Compliance with Installment Purchase Contract. The District will not suffer or permit any material default by it to occur under this Installment Purchase Contract, but will faithfully comply with, keep, observe and perform all of the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02 Observance of Laws and Regulations; Internal Revenue Code.

(a) The District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

(b) The District has complied with the Tax Code with respect to the Installment Payments, and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax of the interest on the Installment Payments.

Section 5.03 Prosecution and Defense of Suits. The District will promptly, upon request of the Corporation or the Lender, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Project or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Corporation and the Lender harmless from all cost, damage, expense or loss, including reasonable attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.04 Accounting Records and Statements. The District will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the District relating to the receipt, deposit and disbursement of the Gross Revenues, Net Revenues and Installment Payments, and such accounting records shall be available for inspection by the Lender or its agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours and under reasonable conditions prescribed by the District.

Section 5.05 Further Assurances. Whenever and so often as requested to do so by the Lender, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Lender all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it by this Installment Purchase Contract.

Section 5.06 Against Encumbrances. The District hereby represents that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Installment Payments. The District will not make any pledge of or place any lien on the Net Revenues, provided that the District may at any time, or from time to time, pledge or encumber the Net Revenues in connection with the issuance or execution of Parity Obligations in accordance with Section 4.01 or other obligations permitted hereby, or subordinate to the pledge of Net Revenues herein.

Section 5.07 Against Sale or Other Disposition of Property. The District will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof in excess of one-half of one percent of the book value of the Enterprise in any Fiscal Year, unless an Authorized Officer certifies that such sale, lease, encumbrance or disposition will not materially adversely affect the operation of the Enterprise or the Net Revenues; provided however, any real or personal property which has become

non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold or exchanged at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The District will not enter into any agreement or lease which would impair the ability of the District to meet the covenant set forth in Section 5.16 hereof or which would otherwise impair the rights of the Lender or the operation of the Enterprise.

Section 5.08 Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water supply and delivery system competitive with the Enterprise.

Section 5.09 Tax Covenants. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest with respect to the Installment Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Installment Purchase Contract that may cause the Installment Purchase Contract to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of the Installment Purchase Contract will not be used so as to cause the proceeds of the Installment Purchase Contract to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause the Installment Purchase Contract to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

In furtherance of the covenants stated in this Section, the District shall comply with the requirements of the Tax Certificate executed in connection with this Installment Purchase Contract.

Section 5.10 Maintenance and Operation of the Enterprise; Budgets. The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner. The District will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.11 Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof or on any funds in the control of the District prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Purchase Contract; provided that the District shall not be obligated to make such payment so long as the District contests such payment in good faith.

Section 5.12 Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the District is a party thereto.

Section 5.13 Insurance. The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises and consistent with the District's current coverage.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims, unless the District determines that such reconstruction, repair, or replacement is not necessary to the efficient or proper operation or use of the Enterprise and therefore determines not to reconstruct, repair, or replace such damaged or destroyed portion of the Enterprise. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be deposited in such funds and accounts of the District as is permitted by law.

The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

In lieu of obtaining insurance coverage as required by this Section, with the Lender's prior written consent, such coverage may be maintained by the District in the form of self-insurance so long as the District certifies that: (a) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (b) an independent insurance consultant certifies annually, on or before December 1 of each year in which self-insurance is maintained, in writing that the District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (c) such reserves are held in a separate trust fund by an independent trustee. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14 Books and Accounts; Financial Statements. The District shall keep proper books of record and accounts of the Enterprise and the Debt Service Fund all separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise and relating to the funds created by this Installment Purchase Contract. Said books shall, upon prior request, be subject to the inspection by the Lender, or its representatives authorized in writing, upon not less than five (5) Business Days' prior notice to the District.

The District shall cause the books and accounts of the Enterprise, which shall include a statement of revenues and expenditures and changes in fund balances, a balance sheet and a statement of cash flow, to be audited annually by an independent certified public accountant or firm of certified public accountants. The District shall furnish or cause to be furnished to the Lender, at the District's expense, within two hundred seventy (270) days after the close of each fiscal year, the audited financial statement of District at the close of and for such fiscal year, all in reasonable detail, with supporting schedules, audited by and with the report of District's auditor (the "Audit"), which may be in electronic .pdf format. If the Audit is filed on the Municipal Securities Rulemaking Board's "EMMA" website, to satisfy this requirement, the District may email a link to the posted Audit to the Lender. If the Audit is not available, the District will furnish unaudited financial statements to the Lender in the manner described in this Section and will then supply the Audit immediately upon the availability thereof.

No later than one month after its adoption, the District shall also send to the Lender a copy of the annual budget of the Enterprise and any amendment or supplement thereto and any other financial information reasonably requested by the Lender.

Section 5.15 Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Net Revenues when the same shall become due and the District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof. However, the District shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16 Amount of Rates and Charges. To the fullest extent permitted by law, so long as any Installment Payments remain outstanding, the District will fix and prescribe, at the commencement of each Fiscal Year rates, fees and charges for the services and facilities furnished by the water system of the Enterprise which are reasonably expected, at the commencement of each Fiscal Year, to be sufficient to yield Net Revenues which are at least equal to 120% of the aggregate amount of the Debt Service payable from Net Revenues coming due and payable during such Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees charges are reasonably expected to be sufficient to meet the requirements of this Section. For purposes of this calculation, amounts held by the District in the Rate Stabilization Fund as of the beginning of any Fiscal Year may, at the election of the District, be treated as Net Revenues which are received during such Fiscal Year, in an amount not exceeding 20% of the amount of Debt Service payable from Net Revenues coming due and payable during such Fiscal Year.

Section 5.17 Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring all users of the Enterprise to pay the assessments, rates, fees and charges applicable to the Enterprise provided or made available to such users. Such rules and regulations shall also provide for the billing thereof and for a due date and a delinquency date for each bill.

Section 5.18 Eminent Domain Proceeds. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District certifies as to: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds; and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such certification and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in such funds and accounts of the District as is permitted by law.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Installment Payments, and any Parity Obligations, on a pro rata basis in the manner provided in Section 6.01(b) and in the instruments authorizing such Parity Obligations.

Section 5.19 Notification of Material Adverse Effect. The District shall timely inform the Lender of any Material Adverse Effect upon learning of the existence of such an effect.

Section 5.20 Role of the Lender. The District acknowledges that: (a) the Lender is acting in this transaction solely for its own account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) the Lender has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the District (including to any financial advisor or placement agent engaged by the District) with respect to the execution and delivery of this Installment Purchase Contract; and (c) each of the District, its financial advisor (if any) and its placement agent (if any) will seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the execution and delivery of this Installment Purchase Contract from its financial, legal and other advisors (and not the Lender) to the extent that the District, its financial advisor (if any) or its placement agent (if any) desires such advice. The District acknowledges that the Lender has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the District's financial advisor (if any) or placement agent (if any), or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the District's financial advisor (if any) or placement agent (if any), with respect to any such matters.

Section 5.21 Indemnification of Lender. The District shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Lender and its directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into of this Installment Purchase Contract or any other agreement entered into in connection herewith or therewith, the design or ownership of the Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any part of the Project or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other

defects, whether or not discoverable by the District or the Lender; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. Notwithstanding the foregoing, this indemnification and hold harmless shall not include any liability arising out of or resulting from the gross negligence, willful misconduct or wrongful acts of Lender, its directors, officers, employees or agents. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Installment Purchase Contract or the termination of the term of this Installment Purchase Contract for any reason. The District and the Lender mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 5.22 Further Representations, Covenants and Warranties of the District. The District represents, covenants and warrants as follows:

(a) The District is a duly organized and validly existing community services district of the State of California.

(b) The Constitution and the laws of the State of California authorize the District to enter into this Installment Purchase Contract and to enter into the transactions contemplated thereby and to carry out its obligations under each of the aforesaid agreements, and the District has duly authorized and executed each of the aforesaid agreements in accordance with the laws of the State of California.

(c) By proper action, the District has duly authorized and executed this Installment Purchase Contract in accordance with the laws of the State of California.

(d) Neither the execution and delivery of this Installment Purchase Contract nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby or thereby, results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the District.

(e) The financial statements of the District for the year ended June 30, 2023 supplied to the Lender: (i) were prepared in accordance with Generally Accepted Accounting Principles, consistently applied; and (ii) fairly present the District's financial condition as of the date of the statements. Other than as described in such financial statements or otherwise disclosed to the Lender, there has been no material adverse change in the District's financial condition subsequent to June 30, 2023.

(f) The District is not currently, and has not been at any time, in default under any debt obligation secured by the Gross Revenues.

(g) As currently conducted, the District's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.

(h) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of the District, threatened against or



affecting the District, to restrain or enjoin the payment of Installment Payments under this Installment Purchase Contract, or in any way contesting or affecting the validity of this Installment Purchase Contract.

(i) The District is empowered to set rates and charges for services provided by the Enterprise provided to the users of the Enterprise without review or approval by any state or local governmental agency.

(j) This Installment Purchase Contract and the pledge of Net Revenues is a first lien and pledge on Net Revenues.

(k) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Installment Purchase Contract being included in the gross income of the Corporation for purposes of federal income taxation or not being exempt from State income taxation.

(l) No consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Installment Payments or the consummation of the other transactions effected or contemplated herein or hereby. The District makes no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(m) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Installment Purchase Contract or otherwise with respect to the Installment Payments. To the extent that the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Installment Purchase Contract or otherwise with respect to the Installment Payments.

(n) All information, reports and other papers and data furnished by the District to the Lender, at the time the same were so furnished, were complete and accurate in all material respects and insofar as necessary to give the Lender a true and accurate knowledge of the subject matter and were provided in expectation of the Lender's reliance thereon in entering into the transactions contemplated by this Installment Purchase Contract. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Lender or in other such information, reports, papers and data or otherwise disclosed in writing to the Lender prior to the Closing Date. Any financial, budget and other projections furnished to the Lender by the District or its agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Lender in connection with the negotiation, preparation or execution of this Installment Purchase Contract contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(o) The District is in full compliance with all Laws and Regulations, including Environmental Regulations, and the District shall remain in compliance with such Laws and regulations, including Environmental Regulations.

(p) Since the most current date of the information, financial or otherwise, supplied by the District to the Lender: (i) there has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect; (ii) the District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and (iii) the District has not: (1) incurred any material indebtedness, other than the payments and trade accounts payable arising in the ordinary course of the District's business and not past due; or (2) guaranteed the indebtedness of any other person.

(q) The District is not and shall not at any time be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), and any successor thereto, or the Secretary of the Treasury or included in any Executive Orders which prohibit or limit the Lender from making any advance or extension of credit to District or from otherwise conducting business with District, and the District shall ensure that the proceeds of this Installment Purchase Contract shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

(r) The District shall, promptly following a request by the Lender, provide all documentation and other information that the Lender reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Patriot Act (USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001))), as amended from time to time, and any successor statute, and shall comply with all applicable Bank Secrecy Act laws and regulations, as amended.

Section 5.23 Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the District as follows:

(a) The Corporation is duly organized and in good standing under the laws of the State, has full legal right, power and authority to enter into this Installment Purchase Contract and to carry out and consummate all transactions contemplated by this Installment Purchase Contract and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Contract.

(b) The Corporation is entering into this Installment Purchase Contract as a commercial arms-length transaction and is not acting in the capacity of a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended.

(c) The execution and delivery of this Installment Purchase Contract and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Corporation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or

imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

**ARTICLE VI.  
PREPAYMENT OF INSTALLMENT PAYMENTS**

Section 6.01 Prepayment.

(a) The Installment Payments are subject to prepayment prior to maturity at the option of the District in whole or in part on any date at the following prepayment prices (expressed as percentages of the principal amount of the Installment Payments to be prepaid) plus accrued interest with respect thereto to the date of prepayment:

<i>Prepayment Dates</i>	<i>Prepayment Price</i>
Closing Date through November 5, 2026	103%
November 6, 2026 through November 5, 2028	102
November 6, 2028 though November 5, 2029	101
November 6, 2029 and thereafter	100

(b) The District may or shall, as the case may be, prepay on any date from the Net Proceeds of condemnation awards, as provided in Section 5.18, all or any part of the principal amount of the unpaid Installment Payments, pro rata among the remaining Installment Payments, at a prepayment price equal to the sum of the principal amount prepaid plus accrued and unpaid interest thereon to the date of prepayment, without premium.

(c) In the event that a portion of the Installment Payments shall have been prepaid by the District pursuant to subsections (a) or (b) above, the total amount of all future payments set forth in the schedules attached hereto as Exhibit B shall be reduced by the aggregate amount of Installment Payments so prepaid, as the case may be. The District shall file a revised schedule of Installment Payments with the Lender.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article III hereof, until the entire principal amount of the unpaid Installment Payments together with the interest accrued thereon, if any, shall have been fully paid and the Installment Payments are no longer due hereunder (or provision for payment thereof shall have been made pursuant to Section 6.03 hereof).

Section 6.02 Method of Prepayment. Before making any prepayment pursuant to Section 6.01, the District shall give written notice to the Lender specifying the date on which the prepayment will be made, which date shall be not less than thirty (30) days from the date such notice is given.

Section 6.03 Security Deposit. Notwithstanding any other provision of this Installment Purchase Contract, the District may secure the payment of all or a portion of the Installment Payments by a deposit with the Lender or, at the Lender's sole option, a bank or trust company acceptable to the Lender, as escrow holder under an escrow deposit and trust agreement, of either: (a) cash in an amount which is sufficient to pay such unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit B attached hereto; or (ii) non-callable Federal Securities or pre-refunded non-callable municipal

obligations rated at least “AA” and “Aa” by S&P and Moody’s, respectively, together with cash if required, in such amount as will, without re-investment, in the opinion of an independent certified public accountant (which opinion shall be addressed to the Lender), together with interest to accrue thereon, be fully sufficient to pay such unpaid Installment Payments on their payment dates so that such Installment Payments shall be defeased; provided that prior to any such deposit or defeasance, the District must provide an opinion of nationally recognized bond counsel addressed to the Lender to the effect that such deposit and defeasance will not cause the interest component of the Installment Payments to be included in gross income for federal income tax purposes. In the event of any shortfall, the District shall deposit from legally available funds such amounts as is necessary to make up such shortfall. In all cases, deposits of cash or securities made to secure the Installment Payments pursuant to this paragraph shall be kept in segregated escrow accounts or escrow subaccounts and such deposits shall not be commingled for any reason.

In the event that deposits pursuant to this Section 6.03 sufficient to fully defease all of the Installment Payments have been made, and provided that all other amounts payable by the District hereunder have been paid in full, all obligations of the District under this Installment Purchase Contract shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from the deposits made by District pursuant to this Section 6.03 and the obligation to pay amounts due the Lender, as assignee of the Corporation. Said deposits shall be deemed to be and each of the deposits shall constitute a separate special fund that may be used solely for the payment of the Installment Payments in accordance with the provisions of this Installment Purchase Contract, and pending such application shall be held in trust and pledged to and for the sole benefit of the Lender and any assignee or transferee of the Lender. The District hereby grants to the Lender, as assignee of the Corporation, a first priority security interest in any amounts so deposited.

## **ARTICLE VII. EVENTS OF DEFAULT AND REMEDIES**

Section 7.01 Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities. If one or more of the following Events of Default shall happen:

- (a) default shall be made in the due and punctual payment by the District of any Installment Payment when and as the same shall become due and payable;
- (b) default shall be made by the District in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Lender. However, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Lender shall not unreasonably withhold its consent to an extension of such time (for a period not to exceed an additional sixty (60) days) if corrective action is instituted by the District within such 30-day period and diligently pursued until the default is corrected.
- (c) any financial statement or certificate furnished to the Corporation or the Lender in connection with the execution of this Installment Purchase Contract, or any representation or warranty made by the District, shall prove to be incorrect, false or misleading in any material respect when furnished or made;

(d) the District shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(e) an event of default shall have occurred with respect to any Parity Obligations;

then and in each and every such case during the continuance of such Event of Default, the Corporation or the Lender as its assignee may, by notice in writing to the District, declare all of the principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (d) above, if at any time after such principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared immediately due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered:

(1) the District shall deposit with the Lender a sum sufficient to pay: (y) all delinquent Installment Payments then-due and owing and causing an Event of Default under subsection (a) above and the accrued interest thereon, with any interest due on such overdue Installment Payment paid at the Default Rate; and (z) the reasonable expenses of the Lender incurred as the result of such Event of Default; and

(2) any and all other defaults known to the Lender (other than in the payment of such overdue principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Lender or provision deemed by the Lender to be adequate shall have been made therefor, then and in every such case the Lender, by written notice to the District, may rescind and annul such declaration of immediate payment of all of the principal amount of the unpaid Installment Payments and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.02 Application of Funds Upon Default. All moneys and investments in the funds and accounts held hereunder upon the date of the declaration of an Event of Default as provided in Section 7.01 and all Gross Revenues thereafter received shall be applied as follows:

(a) Unless the principal of all Installment Payments shall have become or shall have been declared due and payable:

First: To the payment to the persons entitled thereto of the interest portion of all Installment Payments, with interest on overdue installments, if lawful, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Installment Payments which shall have become due, with interest at the Default Rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Installment Payments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If all of the Installment Payments shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Installment Payments, with interest on overdue interest and principal, as aforesaid, payable at the Default Rate without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Section 7.03 Other Remedies of the Corporation. The Corporation or the Lender, as assignee thereof, as applicable, may:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the District, or any board member, officer or employee thereof, and compel the District or any such board member, officer or employee to perform and carry out its or his duties under applicable law and the agreements and covenants contained herein required to be performed by the District or such board member, officer or employee;

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Lender;

(c) by suit in equity upon the happening of an Event of Default require the District and its board members, officers and employees to account as the trustee of an express trust; or

(d) by suit in equity, to seek the appointment of a receiver or other third party to operate the Enterprise and collect the Gross Revenues.

Section 7.04 Non-Waiver. Nothing in this Article VII or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Lender at the respective due dates or upon prepayment from the Gross Revenues, or, except as expressly provided herein, shall affect or impair the right of the Corporation or the Lender, as assignee of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Lender shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Lender by applicable law or by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely, the parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation or the Lender is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

Section 7.06 Lender Exercise of Remedies. The rights and remedies provided to the Corporation under this Article VII have been assigned by the Corporation to the Lender pursuant to the Assignment Agreement and shall be exercised by solely by the Lender in its discretion.

## **ARTICLE VIII. MISCELLANEOUS**

Section 8.01 Liability of District Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues legally available therefor in the Revenue Fund and the other funds provided herein for the payment of the Installment Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The District may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments and the other amounts due hereunder is a special obligation of the District payable solely from the moneys legally available therefor hereunder, including but not limited to the Net Revenues and such other funds, and does not constitute a debt or pledge of the faith and credit of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02 Benefits of Installment Purchase Contract Limited to Parties. Except as provided in Section 8.03, nothing contained herein, express or implied, is intended to give to any person other than the District or the Lender any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Lender shall be for the sole and exclusive benefit of the other party.

Section 8.03 Successor Is Deemed Included In All References to Predecessor. Whenever the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor and assigns to the powers, duties and functions that are presently vested in the District or the Lender, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 8.04 Waiver of Personal Liability. No board member, officer or employee of the District or the Corporation shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any board member, officer or employee of the

District or the Corporation from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05 Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents attached hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Installment Purchase Contract as a whole and not to any particular article, section, subdivision or clause hereof.

Section 8.06 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof contained herein required to be performed by or on the part of the District or the Corporation shall be contrary to the law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed this Installment Purchase Contract, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 8.07 Assignment.

(a) The District hereby consents to the Corporation’s assignment of this Installment Purchase Contract to the Lender pursuant to the Assignment Agreement.

(b) The Lender has the right at any time to assign, transfer or convey this Installment Purchase Contract or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the District unless and until the Lender has delivered to the District written notice thereof that discloses the name and address of the assignee or the Loan Servicer (as hereafter provided and defined) and such assignment, transfer or conveyance shall be made only to: (i) an affiliate of the Lender; or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing herein limits the right of the Lender or its assignees to sell or assign participation interests in this Installment Purchase Contract to one or more entities listed in clauses (i) or (ii) provided that any participation, custodial or similar agreement under which multiple ownership interests in this Installment Purchase Contract are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the “**Loan Servicer**”) to act on their behalf with respect to the rights and interests of the Lender under this Installment Purchase Contract, including with respect to the exercise of rights and remedies of the Lender on behalf of such owners upon the occurrence of an event of default under this Installment Purchase Contract.

Section 8.08 California Law. This Installment Purchase Contract shall be construed and governed in accordance with the laws of the State of California.



Section 8.09 Notices. All written notices to be given hereunder shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time namely:

If to the District:

Union Public Utility District  
339 Main Street  
Murphys, California 95247  
Attention: General Manager

If to the Corporation:

CSDA Finance Corporation  
1112 I Street, Suite 200  
Sacramento, California 95814  
Attention: Chief Executive Officer

If to the Lender:

EverBank, N.A.  
Mail Operations  
EverBank  
301 West Bay Street, 8th Floor  
Jacksonville, Florida 32202  
Attention: Trevor Mael, Director of Public Finance

The parties hereto may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless otherwise requested by the parties, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record.

Section 8.10 Effective Date. This Installment Purchase Contract shall become effective upon its execution and delivery and shall terminate when all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Lender pursuant to Article VI hereof); provided that the obligation of the District to indemnify the Lender shall survive the termination of this Installment Purchase Contract.

Section 8.11 Execution in Counterparts. This Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 8.12 Restrictions on Agreement. The District and the Lender understand that this Agreement shall not be, and the District and the Lender shall not cause this Agreement to be: (a) assigned a rating by any credit rating agency; (b) registered with The Depository Trust Company or any other securities depository; (c) offered pursuant to any type of offering document or official statement; (d) assigned a DTC-registered CUSIP number by Standard & Poor's CUSIP Service; or (e) listed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

Section 8.13 Judicial Reference. TO THE EXTENT PERMITTED BY LAW, THE CORPORATION, THE DISTRICT AND THE LENDER HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT PURCHASE CONTRACT, THE ASSIGNMENT AGREEMENT OR ANY OF THE RELATED DOCUMENTS OR THE TRANSACTION CONTEMPLATED HEREBY OR THEREBY. IF AND TO THE EXTENT THAT THE

FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, THE CORPORATION, THE DISTRICT AND THE LENDER HEREBY CONSENT TO THE ADJUDICATION OF ANY AND ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ANY AND ALL ISSUES IN SUCH REFERENCE WHETHER FACT OR LAW. THE CORPORATION, THE DISTRICT AND THE LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOICE ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS INSTALLMENT PURCHASE CONTRACT MAY BE FILED AS A WRITTEN CONSENT TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

Section 8.14 Amendments. This Installment Purchase Contract may be amended in writing as may be mutually agreed by the District and the Lender. Any amendment made in violation of this Section 8.12 shall be a nullity and void.

Section 8.15 Third-Party Beneficiary. The Lender shall be a third-party beneficiary of this Installment Purchase Contract.

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IN WITNESS WHEREOF, the parties hereto have executed and attested the Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

**UNION PUBLIC UTILITY DISTRICT**

By: \_\_\_\_\_  
General Manager

**CSDA FINANCE CORPORATION**

By: \_\_\_\_\_  
Chief Executive Officer

**EXHIBIT A**  
**DESCRIPTION OF THE PROJECT**

Acquisition and installation of electric panel

## EXHIBIT B

### INSTALLMENT PAYMENT SCHEDULE

1. The principal amount of Installment Payments to be made by the District hereunder is \$1,590,000.00.

2. The Installment Payments of principal and interest are payable in the amounts and on the Interest Payment Dates as follows (assuming that No Event of Default or Event of Taxability has occurred and is continuing):

<i>Installment Payment Date (Third Business Day Prior to)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
03/01/2025	\$ -	\$ 23,161.00	\$ 23,161.00
09/01/2025	130,000.00	36,252.00	166,252.00
03/01/2026	-	33,288.00	33,288.00
09/01/2026	135,000.00	33,288.00	168,288.00
03/01/2027	-	30,210.00	30,210.00
09/01/2027	140,000.00	30,210.00	170,210.00
03/01/2028	-	27,018.00	27,018.00
09/01/2028	145,000.00	27,018.00	172,018.00
03/01/2029	-	23,712.00	23,712.00
09/01/2029	155,000.00	23,712.00	178,712.00
03/01/2030	-	20,178.00	20,178.00
09/01/2030	160,000.00	20,178.00	180,178.00
03/01/2031	-	16,530.00	16,530.00
09/01/2031	170,000.00	16,530.00	186,530.00
03/01/2032	-	12,654.00	12,654.00
09/01/2032	175,000.00	12,654.00	187,654.00
03/01/2033	-	8,664.00	8,664.00
09/01/2033	185,000.00	8,664.00	193,664.00
03/01/2034	-	4,446.00	4,446.00
09/01/2034	<u>195,000.00</u>	<u>4,446.00</u>	<u>199,446.00</u>
TOTAL	\$1,590,000.00	\$412,813.00	\$2,002,813.00

**EXHIBIT C**  
**FORM OF ACQUISITION FUND REQUISITION**

**\$1,590,000**  
**Installment Purchase Contract, dated as of November 1, 2024**  
**by and between**  
**Union Public Utility District and CSDA Finance Corporation**

REQUISITION NO. \_\_ FOR  
DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies to the Executive Administrative Coordinator of Union Public Utility District (the “**District**”):

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the District, a Community Services District that is organized and existing under the laws of the State of California, including but not limited to Division 3 of Title 6 of the California Government Code (the “**District**”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 2.05 of that certain Installment Purchase Contract, dated as of November 1, 2024 (the “**IPC**”), by and between the District and CSDA Finance Corporation, the undersigned hereby requests the Executive Administrative Coordinator of the District to disburse this date the following amounts from the Acquisition Fund established under the IPC to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit 1 has been received and is final; and

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

Dated: \_\_\_\_\_, 20\_\_

UNION PUBLIC UTILITY DISTRICT

By: \_\_\_\_\_  
General Manager

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
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## **UNION PUBLIC UTILITY DISTRICT DEBT MANAGEMENT POLICY**

This Debt Management Policy (the “**Debt Policy**”) of the Union Public Utility District (referred to collectively in this Debt Policy as the “**District**”) was approved by the Board of Directors of the District (the “**Board**”) on October 23, 2024. This Debt Policy may be amended by the Board, or any provision may be waived by the Board in connection with a particular financing, as the Board deems appropriate from time to time in the prudent management of the debt of the District. Any approval of debt by the Board that is not consistent with this Debt Policy shall constitute a waiver of this Debt Policy.

This Debt Policy has been developed to provide guidance in the issuance and management of debt by the District and is intended to comply with Government Code Section 8855(i). This Debt Policy is essential to ensure that the District maintains a sound debt position while providing flexibility and maintaining financial stability.

### **1. OBJECTIVE**

Unless waived by the District, this Debt Policy shall govern the issuance and management of all debt undertaken by the District. The District recognizes that a fiscally prudent debt policy is required in order: (i) to maintain the District’s sound financial position and achieve the lowest cost of capital; (ii) to ensure that the District has the flexibility to respond to changes in future service priorities, revenue levels and operating expenses; (iii) to protect the District’s credit-worthiness and maintain high credit ratings and access to credit enhancement; (iv) to ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District and ensure ratepayer and taxpayer equity; (v) to ensure that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budget, as applicable; and (vi) to encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

### **2. POLICIES**

#### **A. Purpose and Use of Debt**

The District will consider the use of debt financing for capital improvement projects primarily when the project’s useful life will equal or exceed the term of the financing and when resources are identified which are sufficient to fund the debt service requirements. Prior to the issuance of new debt, the Board will review the debt to be financed. If required by law, such review will occur at a public hearing. This requirement does not apply to the refinancing of existing debt for debt service savings. An exception to this section’s focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below.

i. Long-Term Debt. The issuance of long-term debt is a valuable funding resource for the District. Used appropriately and prudently, long-term debt can minimize the District’s charges and rates over time. To minimize dependency on debt financing for capital projects, annual renewal and replacement capital projects will be adequately funded from rates. Funding levels for capital investments will be sufficient to meet capital improvement projections needed as outlined in the District’s capital improvement plan. Long-term debt will be considered only for large capital



improvement projects or greater-than-normal capital plans. The District will be managed so that it can at least meet, and potentially exceed, the minimum and target debt service coverage requirements as imposed by bond covenants. To the extent permitted by law, long-term debt may be issued to finance or refinance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District, water rights and supplies of water. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

The use of long-term debt will be minimized. The District may consider the use of long-term debt when it appears that a capital project, or other expenditure as deemed appropriate by the Board, is of such a magnitude that it will negatively impact the District's rates in the short-term. The benefit of long-term debt financing is that it will spread the costs of the capital asset over a longer period of time and will, therefore, approximate the useful life of the asset, and over time, charge those customers that benefit from that asset more equitably.

Long-term debt financings are appropriate when the following conditions exist:

- The project to be financed is necessary or desirable to provide basic services.
- The project to be financed will provide benefits to constituents over multiple years.
- The total debt does not constitute an unreasonable burden to the District and its ratepayers.
- The debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

The District may use long-term debt financings subject to the following conditions:

- When debt issuance is determined to be necessary, the District will assess the market conditions and timing for debt issuance to include issuing debt – 1) in times of favorable market conditions; 2) when bond ratings would qualify District issuances to be investment grade; and 3) when revenues, including anticipated increases, are sufficient to adequately cover expected debt service and issuance costs.

- The project to be financed has been or will be approved by the Board.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.

- The District estimates that sufficient income or revenues will be available to service the debt through its maturity. The District will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that: (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues; or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.

- The District will meet all bond covenants associated with the long-term debt. Bond covenants are legal obligations of the District.

- Long-term debt issuances typically contain legal covenants regarding debt service coverage (a “DSC”). A DSC ratio is an important financial measure of the District’s ability to repay an outstanding debt obligation, and is reviewed for adequacy by banks and rating agencies. Generically, the DSC ratio is the District’s net operating income, as specifically defined by the relevant bank or rating agency, divided by the total annual debt service payment. For financial planning purposes, the targeted annual DSC ratio will be greater than or equal to 1.10 on all outstanding debt that carries such a covenant.

- The District will fully adhere to all applicable Governmental Accounting Standards Board requirements and recognized best practices for the accounting treatment and disclosure of debt obligation transactions in its audited financial statements and other relevant publications.

- Bond credit enhancements, such as insurance against default, will be considered when necessary for market acceptance and when costs are favorable to the District.

ii. Short-Term Debt. The District may utilize short-term debt financing (including leases) to finance certain essential equipment and vehicles. These assets can range from service vehicles to equipment. The underlying asset must have a minimum useful life of one year or more. Short-term financing, including leases, on bill financing and capital lease purchases are executed to meet such needs. The Board must approve any such short-term financing for assets costing more than \$25,000 by resolution. In addition, to the extent permitted by law, short-term debt may be issued to generate funding for the District’s operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

**B. Types of Debt**

For purposes of this Debt Policy, in order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including but not exclusive to the following:

- General Obligation Bonds
- State or Federal loans, including State Revolving Fund loans
- Lease revenue bonds, certificates of participation and lease-purchase financings
- Installment purchase agreements
- Bond or grant anticipation notes
- Other revenue bonds and certificates of participation
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Refunding bonds, notes, loans and other obligations

The District may from time to time find that other forms of debt to, the extent permitted by law, would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. The District may also consider joint arrangements with other governmental agencies and will communicate and coordinate with other governmental agencies regarding cost sharing in potential joint projects and will only be liable for its share of the debt service.

From time to time, the District may elect to issue debt on a negotiated sale, competitive sale or private placement basis. Such methods will be considered if they are demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable or prohibitively expensive and timing considerations require that financing be completed. The District recognizes that negotiated sales and competitive sales are public transactions that require a securities disclosure, and that competitive sales require public advertising prior to sale in compliance with California law.

### Interest Rate Swaps

The incurrence or carrying of variable-rate debt obligations by the District involves a variety of interest rate payments and other risks that interest rate swaps are available to offset, hedge or reduce. It is the policy of the District to utilize such interest rate swaps to better manage its debt portfolio. The District will consider executing an interest rate swap transaction if it expects the swap transaction to result in any of the following:

- a. Reduce exposure to changes in interest rates on a financial transaction;
- b. Result in a significantly lower net cost of borrowing with respect to the District's debt consistent with an established target; or
- c. Manage variable interest rate exposure consistent with prudent debt practices and guidelines as approved by the Board.

#### *Savings Target*

Interest rate swaps will require a significant financial benefit or savings versus traditional fixed-rate debt. For an interest rate swap intended to produce the effect of a synthetic fixed rate transaction, the swap transaction must generate 3% or greater net present value savings compared to standard fixed-rate bonds which have the same optional redemption features.

#### *Restrictions*

The District will not enter into any swap transaction:

- a. for speculative purposes.
- b. if the swap presents an extraordinary risk to the District's liquidity to terminate the agreement due to unforeseen events.
- c. if there is insufficient price transparency to allow for fair market valuation.

#### *Provider Requirements*

The swap provider will have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies (at the time of agreement execution). The swap provider will have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

#### *Use of Independent Advisor*

The District will use a professional advisor or designated swap representative (a "**Swap Advisor**") to assist in the assessment, structuring, and pricing of proposed or existing interest rate swaps. The Swap Advisor will be a firm which:

- a. is a Municipal Advisor registered with the Securities and Exchange Commission;
- b. has sufficient knowledge to evaluate the swap transaction and risks;
- c. is not subject to a statutory disqualification;
- d. is independent of the swap dealer or major swap participant;
- e. undertakes a duty to act in the best interests of the District;
- f. provides appropriate and timely disclosures to the District; and
- g. evaluates fair pricing and the appropriateness of the swap.

**C. Relationship of Debt to Capital Improvement Program and Budget**

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

**D. Policy Goals Related to Planning Goals and Objectives**

The District is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

**Refundings**

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District. Any refinancing of debt for the purpose of realizing debt service savings must achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the Board of Directors which authorizes the refunding proceedings.

There are three key concepts that must be taken into consideration when evaluating a debt for refunding:

- a. Financial and Policy Objectives
- b. Financial Savings/Results of Financing
- c. Bond Structure and Escrow Efficiency

*Financial and Policy Objectives* – The District may undertake a refinancing for a number of financial and/or policy objectives, including to achieve debt service savings, eliminate restrictive debt/legal covenants, restructure the stream of debt service payments or achieve other policy objectives. Although in most circumstances the District may undertake a refunding to obtain economic savings, it may refund an issue to restructure its debt portfolio in order to obtain budgetary/cash flow relief or to address exposure to other costs/liabilities and to extend the maturity.

*Financial Savings/Results of Financing* – The financial framework regarding the evaluation of refunding opportunities is to be developed and evaluated by the District’s General Manager, typically with the assistance outside financial advisors.

*Bond Structure and Escrow Efficiency* – The District’s debt management practices should anticipate the potential for future refundings. When debt is issued, careful attention should be paid to the bond structure to address features that may affect flexibility in the future. To that end, upon debt issuance, the District shall consider: optional redemption provisions, bond coupon characteristics giving up call rights for certain maturities in exchange for a lower interest rate on the bonds, call provisions that permit the redemption of bonds in any order of maturity or on any date, call provisions that permit the issuer to call bonds at the earliest date without incurring a significant interest-rate penalty and coupons on callable bonds priced as close to par as possible at the time of original issue.

*Escrow Efficiency* – The lower the cost of the escrow, the more efficient the escrow. Also, in order to be efficient, escrow securities need to mature or pay interest when debt service payments of the refunded escrow are due.

*Current vs. Advance Refunding* – There are two types of refundings, as defined by Federal tax laws; a current refunding in which a refunding takes place (i.e., refunding bonds are sold) within 90 days of the optional call date, and an advance refunding in which refunding bonds are sold more than 90 days prior to the first call date and are issued on a taxable basis. Because advance refundings are only permissible on a taxable basis under current federal tax law, they should be carefully considered to ensure that sufficient debt service savings or other justification exists.

## **E. Internal Control Procedures**

When issuing debt, the District will comply with any applicable policies and covenants in debt documents regarding maintenance of the tax status of debt, initial bond disclosure, continuing disclosure, post-issuance compliance and the investment of bond proceeds. The District will obtain expert advice with respect to bond and tax counsel and/or financial advisors as needed.

The District will periodically review the requirements of and will remain in compliance with: (i) any continuing disclosure undertakings under SEC Rule 15c2-12 (relating to initial and continuing disclosure for publicly issued debt (and privately issued debt when the District has other publicly issued debt outstanding)); (ii) any federal tax compliance requirements; (iii) any required reporting to be filed with the California Debt and Investment Advisory Commission; and (iv) the District’s investment policies as they relate to the investment of bond proceeds.

Any Director of the Board, the General Manager or any designee thereof can recommend future changes to this Debt Policy as deemed necessary.

The General Manager is responsible for adherence to this Debt Policy and regular reporting of the

District's financial status. Board oversight will be accomplished through regular reporting of financial status and review of this Debt Policy.

This Debt Policy will be reviewed at least biennially.

# Agenda Item

**DATE:** October 23, 2024  
**TO:** UPUD Board of Directors  
**FROM:** Jessica Self, General Manager  
**SUBJECT:** Approval of Updated Operations Manager Job Description & Salary Schedule Adjustment

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## RECOMMENDED ACTION:

Motion: \_\_\_\_\_ / \_\_\_\_\_ by minute entry to approve the updated Operations Manager job Description and salary schedule adjustment.

## SUMMARY:

District Staff recommend an update to the job description for the Operations Manager position, as well as an increase in the position's salary schedule. This adjustment is based on a comparative analysis of salaries from neighboring water agencies and reflects the evolving demands of the role.

## Rationale for Updating the Job Description and Salary Increase

The responsibilities of the Operations Manager have expanded significantly in recent years. The role now includes not only the management of daily operations but also oversight of complex infrastructure projects, stringent regulatory compliance, and emergency preparedness, all of which require advanced technical and leadership expertise. Updating the job description will allow us to clearly define these responsibilities and ensure we attract candidates with the qualifications to meet the District's evolving needs.

In addition, after reviewing salary data from comparable neighboring water agencies, it has become clear that our current compensation for the position is no longer competitive. The agencies included: Calaveras Public Utility District, City of Angels Camp, Calaveras County Water District, Tuolumne Utilities District and Amador Water Agency. A 15.8% salary adjustment will bring the Operations Manager's pay in line with regional averages, ensuring we remain competitive in recruiting top-tier candidates during this pivotal time.

	RANGE	Step A Monthly	Step A Hourly	Step E Monthly	Step E Hourly
Current	30	\$8,183	\$47.21	\$9,947	\$57.38
Proposed	32	\$9,588	\$55.32	\$11,654	\$67.24

Given the upcoming retirement of our current Operations Manager, it is crucial to update both the job description and salary prior to advertising the position. These alterations will help us attract qualified candidates who can step into this role and maintain the continuity of our operations.

**FINANCIAL CONSIDERATIONS:**

Although staff recommend increasing the salary schedule by 15.8%, the overall cost to the District will be similar to the current cost of the Operations Manager position. This is because the current Operations Manager qualifies for longevity pay and is a Classic CalPERS member, which carries higher retirement costs for the District.

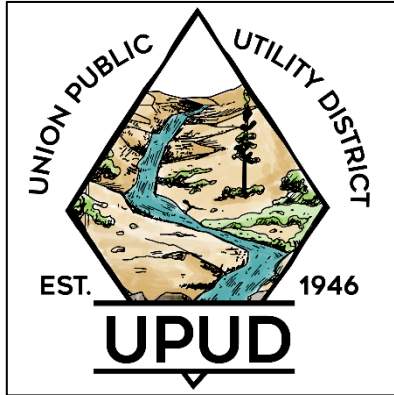
This salary adjustment is both necessary and affordable. The cost increase can be managed within the District's current budget without jeopardizing financial stability. Given the critical nature of the Operations Manager role, ensuring we offer a competitive salary is a prudent investment in operational efficiency, continuity, and long-term cost savings. A well-qualified Operations Manager reduces risks associated with regulatory non-compliance, operational inefficiencies, and infrastructure management, all of which could result in far greater costs if not properly handled.

By aligning our compensation with industry standards, we can secure the expertise needed to navigate increasingly complex operational demands without overextending the District's financial resources.

*Attachments:*

*Current Operations Manager Job Description*  
*Proposed Operations Manager Job Description*





**Union Public Utility District**  
**POLICY TITLE: JOB DESCRIPTION**  
**OPERATIONS MANAGER**  
**POLICY NUMBER: 2345**  
**REPORTS TO: General Manager**  
**Wage Schedule Range: 30**  
**Date Adopted: 4/19/2023**

*Classification specifications (job descriptions) are intended to present a descriptive summary of the range of duties and responsibilities performed by an incumbent in the classification. Specifications are intended to outline the minimum qualification for entry into the classification and not intended to reflect all duties and responsibilities of an incumbent in the classification.*

**Definition/Summary**

Under the general and administrative direction of the General Manager, the Operations Manager plans, organizes, and directs the water treatment and distribution function of the District. Must have a full range of water treatment and distribution experience, including repairs of the equipment used in the water treatment process, including pumps, motors, electrical, charts and computers for the efficiency of plant operations. Ability to repair, maintain and operate valves, mains, hydrants, storage tanks, meters and related water distribution and transmission facilities and appurtenances in the field, shop, or plant.

**Essential Duties**

1. Plans, organizes, directs, and coordinates the operation and maintenance of the District's water treatment plant and distribution systems.
2. Leads water systems team to assure efficiency throughout the system.
3. Assesses the performance of all water systems team members.
4. Provides general supervision and administration of the District's water treatment plant and distribution systems (including pipelines, pressure stations, valves and hydrants).
5. Oversees the proper functioning of systems, coordinating repairs with maintenance and operations personnel.
6. Provides training of employees on work procedures, standards, and safety programs.
7. Develops recommendations and assists the General Manager with long-range planning for system improvements and service requirements.
8. Develop implements and oversees preventive maintenance.
9. Provides field evaluation, inspections, and monitoring to assist and plan jobs.
10. Oversees the water treatment and distribution controls costs.
11. Oversee and inspects plant and distribution systems to insure proper utilization of staff and equipment.

**Other Duties**

1. Oversees, monitors, and maintains employee certification, training, and work safety programs.

2. Provides input and review for the development and administration of new plant and system updates, and projects.
3. May attend meetings related to outside agencies.
4. Effectively represent District water treatment and distribution functions with the public, contractors, and other organizations as directed.
5. Prepares and executes plans for expansion, reduction, and shifting of system operations and functions.
6. Must have computer experience including Microsoft Office programs (Word, Excel and Outlook).
7. Performs related duties as assigned.

**Qualifications** – *Any combination of training and experience that would provide the required knowledge, skills and abilities is qualifying.*

**Knowledge of:**

1. Principals, methods, and practices used in water treatment and distribution including installation, operation, maintenance, and repair.
2. Chemical and quality testing of water conditions.
3. Principles, methods, and practices used in water treatment and plant maintenance repair.
4. Rules, regulations, and codes applicable to District water treatment and distribution functions.
5. District policies, rules, regulations, and procedures.
6. Work safety standards and requirements.
7. Principles of expenditure control purchasing.
8. Principles and practices of personnel administration and supervision.
9. Plan, organize, manage and administer the District water treatment and distribution functions.
10. Perform comprehensive administrative reviews of work activities, costs, staffing requirements, plant uses, and time requirements.
11. Ensure the proper maintenance, construction, operation, and repair of District treatment plant and distribution systems.
12. Assists with reviews of employee effectiveness and performance with General Manager.
13. Provides general coordination of water treatment and distribution activities with other District functions.
14. Prepares and carry out personnel training activities related to proper operation of District facilities and equipment.
15. Establish and maintain cooperative working relationships with co-workers, outside agencies, and the public.
16. Regular attendance and adherence to prescribed work schedule to conduct job responsibilities.
17. Perform other duties as assigned.

**Education and Experience** - *All levels must have education equivalent to graduation from high school.*

Broad and extensive work experience in supervision of a water treatment plant functions and operations, as well as operations, maintenance, and repair of water distribution system. Work experience must have included substantial experience with water treatment and distribution systems with at least four years in a supervisory capacity.

**Licenses and Certifications** – *Must possess a valid California Class C Driver's License issued by the California Department of Motor Vehicles with a satisfactory driving record. Possession of a valid California Class A Driver's License is preferred but not required.*

Possess a State of California Treatment Operator 3 certification and State of California Distribution Operator 3 certification issued by SWRCB.

### **Physical Requirements**

Must possess the knowledge and mobility to work in construction and various distribution and treatment system maintenance including pump stations, pump, motor, and electrical. Physical stamina to perform system and maintenance repair work, walk and work on uneven terrain, climb and descent ladders, ability to lift, carry, push, pull and reach materials and equipment weighting up to 80 pounds. Mobility to work in a standard water treatment plant, uses specialized test equipment hand and power tools instrumentation; ability to work in confined spaces and around machines; vision to read printed materials, charts and gauges and computer screens; and hearing, speech and English language skills to communicate successfully in person and over the telephone or other electronic devices.

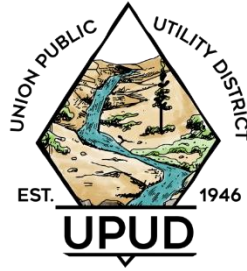
May be exposed to inclement weather conditions, including working in sun, water and snow. Work may include loud noises from equipment operation, odors, dust, and potentially toxic chemicals and conditions during the normal function of duties. Use of standard office equipment such as telephones, computer, copiers, and fax machines.

### **Work Environment**

Work both indoors (generally in a typical office or warehouse setting) and outdoors are required. While performing the duties of this job outdoors, the working conditions are of a varying degree, from snow to extreme heat. Additionally, incumbents in this position will have exposure to cleaning supplies, solvents, dusts, and other outdoor environmental elements. While performing the duties of this job indoors, the working conditions are those of a typical office environment, with temperatures occasionally too warm or too cold, moderate noise levels and under lighting conditions typical of an office. Travel between District facilities will be necessary via District vehicle for District related duties and activities.

### **Additional Requirements**

- 18 years of age.
- Eligible to work in the United States.
- Must be available for regular weekly on-call, emergency standby, and to be called back and work emergency overtime as required.



**Union Public Utility District**  
**POLICY TITLE: JOB DESCRIPTION**  
**OPERATIONS MANAGER**  
**POLICY NUMBER: 2345**  
**REPORTS TO: General Manager**  
**Wage Schedule Range: 32**  
**FLSA: Exempt**  
**Effective Date: 11/1/2024**

*Classification specifications (job descriptions) are intended to present a descriptive summary of the range of duties and responsibilities performed by an incumbent in the classification. Specifications are intended to outline the minimum qualification for entry into the classification and not intended to reflect all duties and responsibilities of an incumbent in the classification.*

**Definition/Summary**

Under the general and administrative direction of the General Manager, the Operations Manager plans, organizes, and directs the water treatment and distribution function of the District. Must have a full range of water treatment and distribution experience, including repairs of the equipment used in the water treatment process, including pumps, motors, electrical, charts and computers for the efficiency of plant operations. Ability to repair, maintain and operate valves, mains, hydrants, storage tanks, meters and related water distribution and transmission facilities and appurtenances in the field, shop, or plant.

**Essential Duties** - *The following duties are typical for this position. Depending upon the assignment, the employee may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address District needs and changing business practices. The omission of specific statements of duties does not exclude the position if the work is similar, related or a logical assignment to the class.*

1. Plans, organizes, directs, and coordinates the operation and maintenance of the District's water treatment plant and distribution systems.
2. Leads water systems team to assure efficiency throughout the system.
3. Assesses the performance of all water systems team members.
4. Provides general supervision and administration of the District's water treatment plant and distribution systems (including pipelines, pressure stations, valves and hydrants).

5. Oversees the proper functioning of systems, coordinating repairs with maintenance and operations personnel.
6. Provides training of employees on work procedures, standards, and safety programs.
7. Develops recommendations and assists the General Manager with long-range planning for system improvements and service requirements.
8. Develop, implement and oversee preventive maintenance.
9. Provides field evaluation, inspections, and monitoring to assist and plan jobs.
10. Oversees the water treatment and distribution controls costs.
11. Oversee and inspect plant and distribution systems to ensure proper utilization of staff and equipment.
12. Develop, implement, and manage regulatory operation programs, including water quality program, backflow program, flushing program, hazard mitigation plan, etc.
13. Coordinate the activities and communication of the Operations Department with other District departments, outside agencies and the public.
14. Work with the public, developers, utilities, and others to resolve complaints, explain requirements, and coordinate operations and maintenance activities.
15. Establish, implement, interpret, and enforce rules and procedures for operation, maintenance, and safety in a fair and consistent manner.
16. Review, monitor and evaluate workflow, work products, methods and procedures of the operations and maintenance department.
17. Ensure compliance with applicable local, State and Federal laws, regulations, and permits including completion and submittal of required regulatory reports.

#### **Other Duties**

1. Oversees, monitors, and maintains employee certification, training, and work safety programs.
2. Provides input and review for the development and administration of new plant and system updates, and projects.
3. May attend meetings related to outside agencies.
4. Effectively represent District water treatment and distribution functions with the public, contractors, and other organizations as directed.
5. Prepares and executes plans for expansion, reduction, and shifting of system operations and functions.
6. Must have computer experience including Microsoft Office programs (Word, Excel and Outlook).
7. Performs related duties as assigned.

#### **Ability to:**

1. On a continuous basis, analyze budget and technical reports, interpret and evaluate staff reports, know laws, regulations and codes; observe performance and evaluate staff; problem solve department related issues; remember various personnel rules, and explain and interpret policy.
2. Identify capital improvement projects to improve efficiency, cost savings, and customer satisfaction and assist the Engineering Department in its planning design, permitting, construction, and commissioning of projects
3. Develop, administer, and control Operations Department budget; capital improvement project budget and special project cost estimates along with Engineering; direct the forecast of additional funds needed for staffing equipment, materials, and supplies.
4. Work with the public, developers, utilities, and others to resolve complaints, explain requirements, and coordinate operations and maintenance activities.

5. Select, train, and motivate personnel including the coordination of staff training, evaluation of staff, and implementation of discipline procedures to maintain high standards necessary for the efficient and professional operation of the department.
6. Attend after-hours meetings and respond to callouts and emergencies, as needed.
7. Maintain a high level of confidentiality with discretionary knowledge.
8. Adapt to changing technologies and learn functionality of new equipment and systems.
9. Plan, develop, and administer department budget; estimate time and costs of projects; perform cost control measures; and prepare budget/cost related reports.
10. Work effectively under time deadlines and within limited financial and staffing resources.
11. Read, understand and carry out written and oral directions in a clear, concise, and consistent manner.
12. Operate a computer for the effective operation of the Department including word processing, database, spreadsheet, presentations, email, Internet and on occasion an integrated accounting software package.
13. Communicate clearly and concisely both orally and in writing with District staff, Board of Directors, consultants and the public in one-on-one and group settings; read, understand, follow, and give written or verbal instructions.
14. Be adaptable to perform under varying levels of stress including frequent workload changes and competing demands.
15. Recognize and resolve conflict situations in the workplace, including planning for them, solving them when they occur, and communicating outcomes reached; and confer with the General Manager on complex personnel matters.
16. Provide leadership and management of the department through coaching and facilitating employees, working in a collaborative team environment.

**Qualifications** – *Any combination of training and experience that would provide the required knowledge, skills and abilities is qualifying.*

**Knowledge of:**

1. Principals, methods, and practices used in water treatment and distribution including installation, operation, maintenance, and repair.
2. Chemical and quality testing of water conditions.
3. Principles, methods, and practices used in water treatment and plant maintenance repair.
4. Rules, regulations, and codes applicable to District water treatment and distribution functions.
5. District policies, rules, regulations, and procedures.
6. Work safety standards and requirements.
7. Principles of expenditure control purchasing.
8. Principles and practices of personnel administration and supervision.
9. Plan, organize, manage and administer the District water treatment and distribution functions.
10. Perform comprehensive administrative reviews of work activities, costs, staffing requirements, plant uses, and time requirements.
11. Ensure the proper maintenance, construction, operation, and repair of District treatment plant and distribution systems.
17. Assists with reviews of employee effectiveness and performance with General Manager.
18. Provides general coordination of water treatment and distribution activities with other District functions.
19. Prepares and carry out personnel training activities related to proper operation of District facilities,

- safety, and equipment.
20. Establish and maintain cooperative working relationships with co-workers, outside agencies, and the public.
  21. Regular attendance and adherence to prescribed work schedule to conduct job responsibilities.
  22. Perform other duties as assigned.

**Education and Experience** - *All levels must have education equivalent to graduation from high school.*

Broad and extensive work experience in supervision of a water treatment plant functions and operations, as well as operations, maintenance, and repair of water distribution system. Work experience must have included substantial experience with water treatment and distribution systems with at least four (4) years in a supervisory capacity.

**Licenses and Certifications** – *Must possess a valid California Class C Driver's License issued by the California Department of Motor Vehicles with a satisfactory driving record. Possession of a valid California Class A Driver's License is preferred but not required.*

Possess a State of California Treatment Operator 3 certification and State of California Distribution Operator 3 certification issued by SWRCB **within the first year of employment.**

### **Physical Requirements**

Must possess the knowledge and mobility to work in construction and various distribution and treatment system maintenance including pump stations, pump, motor, and electrical. Physical stamina to perform system and maintenance repair work, walk and work on uneven terrain, climb and descent ladders, ability to lift, carry, push, pull and reach materials and equipment weighting up to 80 pounds. Mobility to work in a standard water treatment plant, uses specialized test equipment hand and power tools instrumentation; ability to work in confined spaces and around machines; vision to read printed materials, charts and gauges and computer screens; and hearing, speech and English language skills to communicate successfully in person and over the telephone or other electronic devices.

May be exposed to inclement weather conditions, including working in sun, water and snow. Work may include loud noises from equipment operation, odors, dust, and potentially toxic chemicals and conditions during the normal function of duties. Use of standard office equipment such as telephones, computer, copiers, and fax machines.

### **Work Environment**

Work both indoors (generally in a typical office or warehouse setting) and outdoors are required. While performing the duties of this job outdoors, the working conditions are of a varying degree, from snow to extreme heat. Additionally, incumbents in this position will have exposure to cleaning supplies, solvents, dusts, and other outdoor environmental elements. While performing the duties of this job indoors, the working conditions are those of a typical office environment, with temperatures occasionally too warm or too cold, moderate noise levels and under lighting conditions typical of an office. Travel between District facilities will be necessarily via District vehicle for District related duties and activities.

### **Additional Requirements**

- 18 years of age.
- Eligible to work in the United States.

# Agenda Item

**DATE:** October 25, 2024  
**TO:** UPUD Board of Directors  
**FROM:** Jessica Self, General Manager  
**SUBJECT:** Discussion/Action Revising District Policies

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## RECOMMENDED ACTION:

Motion: \_\_\_\_\_ / \_\_\_\_\_ adopting Resolution No. 2024-023 Revising District Policy 2010

## SUMMARY:

UPUD staff are currently drafting updates to the District's employee policies. A fully revised Employee Policy Handbook will be presented to the Board for future consideration. As a result, specific sections have been prioritized by staff and are recommended for immediate Board approval.

Following are the policies that are currently before the Board for updates:

<u>Policy Name</u>	<u>Number</u>
Hours of Work and Overtime	2010

## FINANCIAL CONSIDERATIONS:

None at this time. All proposed updates have been budgeted for during this current fiscal year (FY25).

## Attachments:

- *Resolution No. 2024-023 Adopting Updates to UPUD District Policies*
- *Current Policy*
- *Proposed Policy*



**RESOLUTION NO. 2024-023  
UNION PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS**

**UPDATING DISTRICT EMPLOYEE POLICIES**

**WHEREAS**, The Board of Directors of the Union Public Utility District has the authority to change existing policies and implement new policies; and

**WHEREAS**, the Board of Directors and District staff aim to provide competitive benefits in order to retain and support employees; and

**WHEREAS**, the Board of Directors and District staff wish to modify the following policies:

<u>Policy Name</u>	<u>Number</u>
Hours of Work and Overtime	2010

**NOW, THEREFORE, BE IT RESOLVED** the Board of Directors of the Union Public Utility District hereby adopts updated UPUD Employee Policy number 2010 for incorporation into the Employee Policy Handbook effective immediately.

**PASSED, APPROVED, AND ADOPTED** this 23<sup>rd</sup> day of October 2024.

AYES:

NOES:

ABSENT:

ABSTAIN:

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Eric Bottomley, President  
Union Public Utility District

I hereby certify that the within and foregoing is a full, true, and correct copy of the Resolution which was duly passed and adopted at a regular meeting of the Board of Directors of the Union Public Utility District on the 23<sup>rd</sup> day of October 2024.

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Jenna Mayo  
Clerk to the Board

**POLICY AND PROCEDURE**  
**UNION PUBLIC UTILITY DISTRICT**

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DATE REVISED: 6/21/2023	MANUAL	POLICY NO. 2010
APPROVED BY: Board of Directors	POLICY TITLE <b>Hours of Work and Overtime</b>	Page 1-2

**PURPOSE OF POLICY**

It is the policy of Union Public Utility District to determine which hours constitute overtime for non-exempt employees and specify the practice for lunch and other breaks. This policy helps Union Public Utility District to comply with the California Labor Code 510.

2010.1 The regular work hours for the office staff shall be 8:30 a.m. to 5:00 p.m. with a 30-minute lunch. In addition, there shall be two 15-minute breaks allowed for each employee each workday.

2010.2 The field employees shall work from 7:00 a.m. to 3:30 p.m. with 30 minutes for lunch. In addition, there shall be two 15-minute breaks allowed for each employee each workday.

2010.3 If, to complete a particular job or in an emergency, it is necessary to continue to work beyond the end of the regular work shift, overtime will be calculated at an overtime rate for all time after the regular work shift for full-time employees.

2010.4 Overtime is defined as time worked more than 8 hours in a workday or more than 40 hours in a workweek.

2010.4.1 Time-and-a-half pay:

More than 8 hours up to 12 hours in a workday, more than 40 hours in a workweek, or more than 6 consecutive days in a workweek, and you work no more than 8 hours on the seventh consecutive day.

2010.4.2 Double-time pay:

More than 12 hours in a workday, or more than 8 hours on the seventh consecutive day in a workweek.

2010.5 If an employee is called back to work after hours in an emergency situation, on Saturday, Sunday, or a holiday, the employee shall be paid at the overtime rate of time-and-a-half pay for a minimum of 2 hours. The employee may elect compensatory time off at the same rate for each hour worked.

2010.6 There is a 40-hour limit for accrual of compensatory time (comp time) in every fiscal year. Comp

**POLICY AND PROCEDURE**  
**UNION PUBLIC UTILITY DISTRICT**

time must be used or cashed out at the end of the fiscal year ending June 30. (Comp time paid at the rate overtime occurred). A manager must approve any and all comp time taken.

**POLICY AND PROCEDURE**  
**UNION PUBLIC UTILITY DISTRICT**

DATE REVISED: 6/21/2023	MANUAL	POLICY NO. 2010
APPROVED BY: Board of Directors	POLICY TITLE <b>Hours of Work and Overtime</b>	Page 1-2

**PURPOSE OF POLICY**

It is the policy of Union Public Utility District to determine which hours constitute overtime for non-exempt employees and specify the practice for lunch and other breaks. This policy helps Union Public Utility District to comply with ~~the California Labor Code 510~~ applicable law.

2010.1 ~~The regular work hours for the office staff shall be 8:30 a.m. to 5:00 p.m. with a 30-minute lunch. In addition, there shall be two 15-minute breaks allowed for each employee each workday~~ will be determined by management based on operational needs, allowing for a lunch break and rest periods.

2010.2 ~~The regular work hours for the field employees shall work from 7:00 a.m. to 3:30 p.m. with 30 minutes for lunch. In addition, there shall be two 15-minute breaks allowed for each employee each workday~~ will be determined by management based on operational needs, allowing for a lunch break and rest periods.

2010.3 If, to complete a particular job or in an emergency, it is necessary to continue to work beyond the end of the regular work shift, overtime will be calculated at an overtime rate for all time after the regular work shift for full-time employees.

2010.4 Overtime is defined as follows: ~~time worked more than 8 hours in a workday or more than 40 hours in a workweek.~~

2010.4.1 **Office Staff** ~~Time and a half pay:~~

~~Office Staff are entitled to overtime (at a rate of time and one-half their regular rate of pay) for any hours exceeding eight (8) in one workday and any regular hours exceeding forty (40) in one workweek. More than 8 hours up to 12 hours in a workday, more than 40 hours in a workweek, or more than 6 consecutive days in a workweek, and you work no more than 8 hours on the seventh consecutive day.~~

2010.4.2 **Field Staff** ~~Double-time pay:~~

~~Field Staff are entitled to overtime (at the rate of time and one-half their regular rate of pay) for any hours exceeding ten (10) in one workday and any regular hours more than (40) in one workweek. More than 12 hours in a workday, or more than 8 hours on the seventh consecutive day in a workweek.~~

**POLICY AND PROCEDURE**  
**UNION PUBLIC UTILITY DISTRICT**

2010.5 If an employee is called back to work after hours in an emergency situation, ~~on Saturday, Sunday,~~ or a holiday, the employee shall be paid at the overtime rate of time-and-a-half pay for a minimum of 2 hours. The employee may elect compensatory time off at the same rate for each hour worked.

2010.6 There is a 40-hour limit for accrual of compensatory time (comp time) in every fiscal year. Comp time must be used or cashed out at the end of the fiscal year ending June 30. (Comp time paid at the rate overtime occurred). A manager must approve any and all comp time taken.

2010.7 The District's workweek runs from Sunday at 12:01am through Saturday at midnight.

# Agenda Item

**DATE:** October 23, 2024

**TO:** UPUD Board of Directors

**FROM:** Jessica Self, General Manager

**SUBJECT:** Proposition 218 Rate Study: Approval of Proposed Rates & Scheduling of a Public Hearing

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## **RECOMMENDED ACTION:**

Motion: \_\_\_\_\_ / \_\_\_\_\_ by minute entry to schedule a public hearing for December 11<sup>th</sup> and authorize the General Manager to issue Proposition 218 notices with the proposed Domestic and Raw Water rates.

## **SUMMARY:**

Jeremy Tamargo from NBS will be presenting the draft Rate Study Financial Analysis for the Proposition 218 rate study. Jeremy and District staff took direction from the Board after the August 2024 Board meeting. Specifically, the Board directed staff to move forward with the following draft structure and additional considerations:

### **1. Domestic Rate Structure:**

- Year 1: 10% increase
- Year 2: 10% Increase
- Year 3: 9% Increase
- Year 4: 6% Increase
- Year 5: 6% Increase

The justification for this direction is that the District will take the least amount of debt issuance to cover critical Capital Improvement Program project upgrades which will assure clean, quality and reliable water for our community.

### **2. Raw Water Structure:**

- Year 1: 6.5% increase
- Year 2: 6.5% increase
- Year 3: 6.5% increase
- Year 4: 6.5% increase
- Year 5: 6.5% increase

With Raw Water System CIP getting deferred for the next five years, with the hope to secure alternative sources of funding, such as grants, a less aggressive increase is needed.

**3. Assure fixed rates in relation to meter size meets AWWA standards:**

The fixed meter charge recognizes that the water utility incurs fixed costs regardless of whether customers use water. Two components comprise the fixed meter charge: (1) the capacity component, and (2) the customer component. Fixed charges also vary based on meter sizes because larger meters have higher capacity requirements and reflect their potential to use more of the system's capacity. The potential capacity demands (peaking) is proportional to the maximum hydraulic flow through each meter size based on the hydraulic capacity ratios established by AWWA.

**4. Look into the potential to add additional minimum charges for ADU's:**

Historically, UPUD has charged minimum fees to additional dwelling units (ADU's). However, these charges were removed in the previous rate study in 2022. NBS has looked into this, and has determined that under Proposition 218, the District can charge a Customer Service Charge for each ADU. This has been incorporated into the draft rate study.

**5. Determine if additional ADU's will offset the contribution request from Utica Water & Power Authority:**

The UWPA charge is designed to be a "pass-through" that covers the costs of the District's projected contribution amounts. Utica is requesting both UPUD and the City of Angels increase contributions by 10% each year for the next 5 fiscal years:

Year 1 (Current Fiscal Year): \$370,000  
Year 2: \$407,000  
Year 3: \$447,000  
Year 4: \$492,000  
Year 5: \$541,000

If ADU's within the District are able to contribute to the overall requested ask from Utica, each customer will be less impacted by the Agency contribution 10% increases over the next five years. NBS has determined that ADU's can be charged a full Utica fee, thus reducing the cost per customer across both Domestic and Raw Water systems.

**LEGAL REVIEW**

The District's General and Special Counsel have conducted a thorough review of the Draft 218 Rate Study to ensure it complies with the legal requirements set forth by Proposition 218. Their review focused on key areas such as whether the proposed rates are proportional to the cost of the services provided, if they avoid funding unrelated services, and if proper procedural steps such as notification and the opportunity for public protest are being followed.

By confirming that the rate study meets Proposition 218 requirements, the Counsel is ensuring that the District's proposed rates are legally sound, transparent, and defensible against potential legal challenges. This thorough review is critical for maintaining public trust and ensuring that the District adheres to all legal obligations in setting new rates.

## **NEXT STEPS:**

If the Board approves the draft rate study, it indicates that the District has completed its internal review and validation of the proposed rate adjustments. Once approved, the District can move forward with formally notifying the public about the proposed changes, a crucial step that initiates the Proposition 218 public hearing process. By law, the public must be notified at least 45 days before the hearing, during which time customers have the right to protest the proposed rates.

To ensure the notification letters are postmarked at least 45 days before the hearing, District staff recommend scheduling the Public Hearing for **Wednesday, December 11th**.

*Attachments:*

*DRAFT 218 Rate Study*



# UNION PUBLIC UTILITY DISTRICT

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*Water Rate Study*

**DRAFT** *Final Report*

October 2024



[nbsgov.com](http://nbsgov.com)

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# 1. Introduction

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## 1.1 Purpose

The Union Public Utility District (District) retained NBS to conduct a comprehensive cost of service water rate study to ensure that water rates collect sufficient revenues over the next five years to meet the District's financial needs. The District had several objectives and goals in mind for this study including meeting revenue requirements, reviewing the rising costs of providing services, funding capital improvements and changes in costs, and complying with certain legal requirements (e.g., California Constitution Article XIII D, Section 6, which is commonly referred to as Proposition 218 [Prop 218]). The District's broader objectives in this study include ensuring adequate funding for operating and capital costs, maintaining reasonable reserves, and ensuring revenue stability in water rates. The rates resulting from this study were developed in a manner that is consistent with industry standard cost-of-service principles. In addition to documenting the rate study methodology, this report is provided with the intent to assist the District in its continuing effort to maintain transparent communications with the residents and community it serves.

In developing new water rates for the District, NBS worked cooperatively with District staff and the District Board of Directors (Board) in selecting the appropriate rate alternatives that address the District's goals and objectives. Based on input provided by District staff and the Board, NBS proposes the rates summarized in this report. The Board has the final decision regarding the adoption of the proposed rates and whether to proceed with the Prop 218 approval process.

## 1.2 Overview of the Study

Comprehensive rate studies, such as this one, typically include three components: (1) preparation of a financial plan that identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and (3) the rate structure design. These steps are shown in Figure 1 and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges*,<sup>1</sup> also referred to as Manual M1.

Rate studies also address requirements under Prop 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, the three steps shown in Figure 1 represent the order in which they were performed in this study.

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<sup>1</sup> *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, American Water Works Association (AWWA), 7<sup>th</sup> Edition, 2017.

**Figure 1. Primary Components of a Rate Study**



NBS projected revenues and expenditures, developed net revenue requirements, performed cost-of-service rate analyses, and developed new water rates for the District using this approach. The following sections in this report present an overview of the methodologies, assumptions, and data used along with the financial plans and rates developed. Detailed tables and figures documenting the development of the proposed rates are provided in the Appendices.

The District provided NBS with the data necessary to conduct the study, including historical, current, and projected revenues and expenditures, number of customer accounts, and water consumption data along with other operational and capital cost information.

### **FINANCIAL PLAN**

As a part of the rate study, NBS projected revenues and expenditures on a cash-flow basis for the next five (5) years. The amount of rate revenue required, that will allow reserves to be maintained at the recommended levels, is known as the net revenue requirement. As current rate revenue falls short of the net revenue requirement, rate adjustments – or more accurately, adjustments in the total revenue collected from rates – are recommended. This report presents an overview of the methodologies, assumptions, and data used along with the financial plan and proposed rates developed in this study.<sup>2</sup>

### **COST-OF-SERVICE ANALYSIS**

The basic purpose of the cost-of-service analysis (COSA) is to fairly and equitably allocate costs to customer classes. The cost-of-service analysis consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to customer classes. For example, a key task is the “classification” of the water revenue requirements into the following categories:

- Commodity related costs
- Capacity related costs
- Customer service-related costs
- Irrigation (raw water) service-related costs

<sup>2</sup> The complete financial plans are available in the *Appendices*.

- Utica Water and Power Authority (UWPA) related costs

Together, these allocation factors represent the cost allocation classifications used in the cost-of-service analysis. Further details are discussed below and documented in the *Appendices*.

## RATE DESIGN ANALYSIS

During the rate design phase of the study, NBS and District staff worked together to develop rate alternatives that will meet the District's objectives and allocate costs proportionately based on the cost of service.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been well documented in several rate-setting manuals, such as AWWA's Manual M1. The foundation for evaluating rate structures is generally credited to James C. Bonbright in *Principles of Public Utility Rates*,<sup>3</sup> which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound rate structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should be equitable and non-discriminating (i.e., cost-based).
- Rates should promote the efficient allocation of the resource.
- There should be continuity in the rate making philosophy over time.
- Rates should address other utility policies (e.g., conservation and economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

While these criteria can be considered generally, in California, they are all secondary to Proposition 218. In other words, costs must be allocated in a manner that is proportional to the cost of service to each parcel. However, there are many different methodologies that accomplish this goal, and provided proportional, cost-based rates are established, an agency may consider other criteria when choosing between different methodologies.

## RATE STRUCTURE TERMINOLOGY

This section covers basic rate design criteria that NBS and District staff considered as a part of their review of the rate structure alternatives. One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. Fixed costs, such as debt service and personnel costs, typically do not vary with the amount of water consumed. In contrast, variable costs, such as the cost of purchased water, chemicals, and electricity, tend to change with the quantity of water sold. Most rate structures contain a fixed, or minimum, charge in combination with a volumetric charge.

**Fixed Charges** – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size. For example, a customer with a 2-inch meter has a fixed meter charge that is more than five times greater than the typical

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<sup>3</sup> James C. Bonbright, Albert L. Danielsen, and David R. Kamerschen, *Principles of Public Utility Rates*, Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988, pp. 383-384.

residential customer based on the safe operating capacity of the meter.<sup>4</sup> Since a large portion of utility costs are typically related to meeting capacity requirements, individual capacity demands are important in establishing equitable rates for customers.

**Variable (Consumption-Based) Charges** – In contrast to fixed charges, variable costs, such as purchased water, and the cost of electricity used in pumping water and chemicals for treatment, tend to change with the quantity of water produced. For water utility, variable charges are calculated based on a metered consumption per unit price (e.g., per 100 cubic feet, or HCF).

**Uniform (Single-Tier) Water Rates** – There are significant variations in the basic philosophy of variable charge rate structure alternatives. Under a uniform (single tier) rate structure, the cost per unit does not change with consumption and, therefore, provides a simple and straightforward approach from the customer’s perspective and in terms of the District’s rate administration.

**Tiered Water Charges** – The 2015 San Juan Capistrano court decision held that water agencies may only charge tiered rates if they can show that the rate within each tier reflects the marginal costs associated with providing increased amounts of water.

## KEY FINANCIAL ASSUMPTIONS

The following is a summary of the key financial assumptions used in the analyses. The following capital and operational fund targets reflect input from District staff to meet specific utility objectives.

**Funding of Capital Projects** – The capital improvement costs will be funded with a combination of cash in reserves, debt financing and the additional revenue generated from the proposed rate increases. The capital projects listed in the financial plan are from the District’s capital improvement program. The analysis assumes:

- Capital costs attributable to existing customers are funded using rate revenue.
- Capital costs attributable to growth are funded by revenue from the impact fee reserves.

**Reserve Targets** – The District maintains reserves for operations, capital, and other specific needs. The details of each utility’s reserve targets are covered in their respective sections of this report.

**Inflation and Growth Projections** – Assumptions were made in the analysis regarding cost inflation to project future revenues and expenses for the study period. The following inflation factors were used in the analysis:

- Customer growth is estimated at 2.00% per year.<sup>5</sup>
- General cost inflation is set at 3.45% annually.<sup>6</sup>
- Labor cost inflation is set at 3.02% annually.<sup>7</sup>

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<sup>4</sup> *Principles of Water Rates, Fees, and Charges*, Manual of Water Supply Practices, Manual M1, AWWA, 7<sup>th</sup> Edition, 2017, pp. 151-152.

<sup>5</sup> *Customer growth is based on the population projections provided by the District.*

<sup>6</sup> *General cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.*

<sup>7</sup> *Labor cost inflation is based on the 10-year average annual change in the Quarterly Census of Employment and Wages for San Francisco County, CA.*

- Chemical cost inflation is set at 5.45% annually.<sup>8</sup>
- Energy cost inflation is set at 10.84% annually.<sup>9</sup>
- Electricity cost inflation is set at 8.35% annually.<sup>10</sup>
- Fuel & Utilities cost inflation is set at 7.08% annually.<sup>11</sup>
- Construction cost inflation is set at 3.50% annually.<sup>12</sup>
- UWPA contribution inflation factor is set at 10.00% annually.<sup>13</sup>

These inflation factors are based on long-term trends; therefore, the District should re-examine these factors in another year to assess the impacts on utility costs and whether projected rate increases will be sufficient for the remainder of the rate adoption period.

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<sup>8</sup> Chemical cost inflation is based on the 5-year average annual change in the Producer Price Index for Chemical Manufacturing.

<sup>9</sup> Energy cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.

<sup>10</sup> Electricity cost inflation is based on the 5-year average change in the Consumer Price Index for San Francisco County.

<sup>11</sup> Fuel & Utilities cost inflation is based on the 5-year average annual change in the Consumer Price Index - Average Price Data for Fuels and related products and power. This factor is used for utility costs other than electricity.

<sup>12</sup> Construction cost Inflation is the 10-year average change in the Construction Cost Index for 2012-2022. Source: Engineering News Record website (<http://enr.construction.com>).

<sup>13</sup> UWPA contribution inflation factor as provided by the District.



## 2. Water Rate Study

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### 2.1 Key Water Rate Study Issues

The District's water rate analysis was undertaken with a few specific objectives, including:

- Generating sufficient revenue to meet anticipated operating and maintenance costs and fund necessary capital improvement projects for the next five years.
- A rate design that promotes revenue stability.
- Verifying the cost-of-service linkage between the current rate structure and the proposed water rates, for both domestic and raw water customers.
- Maintaining adequate reserve levels to ensure continuity in operations.
- Complying with the legal requirements of Prop 218 to ensure the cost of providing service is properly allocated amongst user classifications.

NBS developed various water rate alternatives as requested by District staff over the course of this study. All rate structure alternatives relied on industry standards and cost-of-service principles. The rate alternative that will ultimately be implemented is the decision of the District's Board of Directors. The fixed and volume-based charges were calculated based on the net revenue requirements, number of customer accounts, water consumption, and other relevant data provided by the District.

The following are the basic components included in this analysis:

**Developing Cost Allocations** – The water revenue requirements were “functionalized” into five categories: (1) commodity (or volume-based) costs; (2) fixed capacity costs; (3) customer service costs; (4) raw water costs; and (5) UWPA costs. These functionalized costs were then used to develop unit costs based on various factors, such as water consumption, peaking factors, and number of accounts by meter size.

**Determining Revenue Requirements by Customer Class** – The total revenue that needs to be collected from each customer class was determined using the functional costs and allocation factors. For example, customer costs are allocated based on the number of meters, while volume-related costs are allocated based on the water consumption of each customer class. Once the costs are allocated and the net revenue requirement for each customer class is determined, collecting the revenue requirements from each customer class is addressed within the rate design.

**Evaluating Rate Design (Fixed vs. Variable Charges)** – The revenue requirements for each customer class are collected through a combination of fixed monthly service charges and volumetric rates. Based on direction from District staff, the rates proposed in this report will collect approximately 75% of the rate revenue from the fixed charge and 25% from the variable charges.

### 2.2 Financial Plan

It is important for municipal utilities to not only collect sufficient revenues every year, but to also maintain reasonable reserves to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate adjustments are governed by the need to meet operating and capital costs as well as maintain reasonable reserve levels. The current state of the District's, regarding these objectives, is as follows:

**Meeting Net Revenue Requirements:** As found in Table 1 of the Appendix, for FY 2024/25 through FY 2028/29, the projected net revenue requirement (that is, total annual expenses plus debt service and rate-funded capital costs, less non-rate revenues) for the water system increases from approximately \$2.0 million to \$3.7 million annually. If no rate adjustments are implemented, the District is projected to run an annual deficit of approximately \$1 million by FY 2028/29.

**Maintaining Reserve Funds:** Reserve funds provide a basis for a utility to cope with fiscal emergencies, such as revenue shortfalls, asset failure, and natural disasters, among other events. Reserve policies provide guidelines for sound financial management, with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and unexpected emergencies.

- As summarized in Table 2 of the Appendix, the District’s existing reserves are healthy, and the challenge is to meet future revenue requirements and still maintain adequate reserves. NBS together with District staff have chosen to set the following reserve targets:
  - **Operating Reserve** equal to 90 days of operating and maintenance expenses, or approximately \$572,000 in FY 2024/25. An operating reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (e.g., volumetric charges), and – particularly in periods of economic distress – changes or trends in the age of receivables. NBS considers a 90-day operating reserve to be a responsible reserve fund target and in line with industry standard (i.e., most municipal water utilities use a 90-day target for the operating reserve).
  - **Capital Rehabilitation & Replacement Reserve** equal to \$1 million dollars over the 5-year rate adoption period, as set in the previous rate study conducted in 2022. The District has proposed approximately \$8.4 million in capital improvements over the course of the five year rate adoption period. This \$1 million capital rehabilitation and replacement reserve represents approximately 12% of the total planned CIP over the five-year period. This reserve is intended to be a cash resource set aside to address long-term capital system replacement and rehabilitation needs.

**Funding Capital Improvement Projects:** The District must fund necessary capital improvements to maintain current service levels. As found in Tables 8 through 13 in the Appendix, District staff has identified roughly \$8.4 million in expected capital expenditures over the next five years (FY 2024/25 through FY 2028/29) which is an average of \$1.68 million in capital expenditures annually. This rate study assumes the District will be issuing \$1.5 million in revenue bonds in FY 2024/24 as well as an additional \$750,000 in revenue bonds in FY 2026/27. Future debt financing assumptions are found in Tables 17 through 19 in the Appendix. Proceeds from these revenue bonds along with the recommended rate increases, enable the District to fund these capital expenditures without exhausting the existing reserves. Unrestricted reserves are projected to end at about the target reserve level at the end of the five-year rate adoption period.

**Inflation and Growth Projections:** Cost inflation and growth assumptions are necessary to project future revenues and expenses for the study period. Customer growth is modeled to be approximately 2.00% annually based on projections provided by the District based on average population growth in Calaveras County. This factor was used in the analysis for rate revenues while inflation factors, including the

Consumer Price Index,<sup>14</sup> were used in projecting expenses as summarized above in Section 1 and as detailed in Table 7 of the Appendix.

**Maintaining Adequate Bond Coverage:** Although the water utility currently has no outstanding debt, this analysis assumes that the District will be issuing a total of \$2.25 million in new debt to fund capital projects over the five year rate implementation period. However, whether new debt will be needed will depend on the actual delivery of capital projects (i.e., the timing and costs). The rate covenants of the new revenue bonds include a minimum debt service coverage ratio of 1.25. The benefit of maintaining a higher coverage ratio is that it strengthens the District’s credit rating which can help lower interest rates for debt-funded capital projects and, in turn, reduce annual debt service payments.

**Figure 2** summarizes the sources and uses of funds, net revenue requirements, and the annual percent adjustments in total rate revenue recommended for the next five years.

**Figure 2. Summary of Water Revenue Requirements**

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget		5-Year Projected Rate Period			
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
<b>Sources of Water Funds</b>						
Water Sales	\$ 2,151,277	\$ 2,276,582	\$ 2,351,726	\$ 2,431,335	\$ 2,515,792	\$ 2,605,523
Connection Fees	56,000	14,000	-	-	-	-
Interest Earnings	430,200	240,200	245,004	249,904	254,902	260,000
<b>Total Sources of Funds:</b>	<b>\$ 2,637,477</b>	<b>\$ 2,530,782</b>	<b>\$ 2,596,730</b>	<b>\$ 2,681,239</b>	<b>\$ 2,770,695</b>	<b>\$ 2,865,523</b>
<b>Uses of Water Funds</b>						
Operating Expenses	\$ 2,377,477	\$ 2,286,498	\$ 2,343,152	\$ 2,448,140	\$ 2,559,411	\$ 2,677,453
Debt Service	-	-	140,038	140,038	210,057	210,057
Rate-Funded Capital Expenses	367,630	-	-	89,001	757,960	1,052,269
<b>Total Use of Funds:</b>	<b>\$ 2,745,107</b>	<b>\$ 2,286,498</b>	<b>\$ 2,483,190</b>	<b>\$ 2,677,179</b>	<b>\$ 3,527,428</b>	<b>\$ 3,939,779</b>
<b>Surplus (Deficiency) before Rate Increase</b>	<b>\$ (107,630)</b>	<b>\$ 244,284</b>	<b>\$ 113,540</b>	<b>\$ 4,060</b>	<b>\$ (756,733)</b>	<b>\$ (1,074,257)</b>
Additional Revenue from Rate Increases <sup>1</sup>	-	126,539	400,883	700,108	971,630	1,221,275
<b>Surplus (Deficiency) after Rate Increase</b>	<b>\$ (107,630)</b>	<b>\$ 370,823</b>	<b>\$ 514,424</b>	<b>\$ 704,167</b>	<b>\$ 214,897</b>	<b>\$ 147,018</b>
<b>Projected Annual Rate Increase</b>	<b>0.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>9.00%</b>	<b>6.00%</b>	<b>6.00%</b>
<i>Cumulative Rate Increases</i>	<i>0.00%</i>	<i>10.00%</i>	<i>21.00%</i>	<i>31.89%</i>	<i>39.80%</i>	<i>48.19%</i>
<b>Net Revenue Requirement<sup>2</sup></b>	<b>\$ 2,258,907</b>	<b>\$ 2,032,298</b>	<b>\$ 2,238,186</b>	<b>\$ 2,427,275</b>	<b>\$ 3,272,526</b>	<b>\$ 3,679,779</b>

1. Assumes new rates are implemented January 1, 2025.

2. This is the annual amount needed from water rates. [Net Revenue Requirement = Total Use of Funds - (Non-Rate Revenues + Interest Earnings)].

**Figure 3** summarizes the projected reserve fund balances and reserve targets for the District’s unrestricted funds. A detailed version of the proposed 5-year financial plan is included in *Appendix A*. The tables in the appendix include the revenue requirements (Table 1), reserve funds (Tables 2-3), revenue sources (Tables 4-5), operating expense forecasts (Tables 6-7), capital improvement costs (8-14), and the proposed rate adjustments needed to meet the District’s funding requirements (Table 1).

**Figure 3. Summary of Primary Water Reserve Funds**

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget		5-Year Projected Rate Period			
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
<b>Operating Reserve</b>						
Ending Balance	\$ 494,027	\$ 572,000	\$ 586,000	\$ 612,000	\$ 640,000	\$ 669,000
<i>Recommended Minimum Target</i>	<i>594,000</i>	<i>572,000</i>	<i>586,000</i>	<i>612,000</i>	<i>640,000</i>	<i>669,000</i>
<b>Capital Reserve</b>						
Ending Balance	\$ 949,600	\$ 1,536,266	\$ 1,698,391	\$ 2,457,613	\$ 1,226,464	\$ 1,142,077
<i>Recommended Minimum Target</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>
<b>Total Ending Balance</b>	<b>\$ 1,443,627</b>	<b>\$ 2,108,266</b>	<b>\$ 2,284,391</b>	<b>\$ 3,069,613</b>	<b>\$ 1,866,464</b>	<b>\$ 1,811,077</b>
<i>Total Recommended Minimum Target</i>	<i>\$ 1,594,000</i>	<i>\$ 1,572,000</i>	<i>\$ 1,586,000</i>	<i>\$ 1,612,000</i>	<i>\$ 1,640,000</i>	<i>\$ 1,669,000</i>

<sup>14</sup> Consumer Price Index for all urban consumers in the San Francisco-Oakland-Hayward area. Source: Website: <https://www.bls.gov/cpi/>.

## 2.3 Cost-of-Service Analysis

Once the net revenue requirements are determined, the cost-of-service analysis (COSA) proportionately distributes the revenue requirements to each of the customer classes. The COSA consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to each customer class. Costs are classified according to the function they serve. All costs in the District's budget are allocated to each component of the rate structure in proportion to the level of service required by customers.

The level of service is related to the volume and strength of the water treated, infrastructure capacity, and customer service. These costs are based on allocation factors, such as water consumption, number of meters, and customer class. Ultimately, a COSA develops rates that are proportional to the cost of providing service to each group of similarly situated parcels.

### FUNCTIONALIZATION AND CLASSIFICATION OF COSTS

Most costs are not typically allocated just to fixed or variable categories but rather allocated to multiple functions of water service. The functionalization and classification process provides the basis for allocating costs to various customer classes based on the cost causation (classification) components described below:

- **Commodity-related costs** are costs associated with the change in the volume of domestic (potable) water produced and delivered. These commonly include the costs of water quality testing, energy related to pumping for transmission and distribution, and source of supply. These costs are allocated to domestic water system customers.
- **Capacity-related costs** are costs associated with sizing domestic (potable) water facilities to meet the maximum, or peak, demand. This includes both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events. These costs are allocated to domestic water system customers.
- **Customer-related costs** are costs associated with having a customer connected to the water system (both domestic and raw water customers), such as meter reading, postage, billing, and other administrative duties. These costs are allocated to both domestic and raw water system customers.
- **Raw water costs** are costs associated with providing raw (non-potable water) service to the District's irrigation customers. Raw water is generally not safe for human consumption but can be used for a variety of non-potable purposes such as irrigation. These costs are allocated to raw water system customers.
- **Utica Water and Power Authority (UWPA) costs** are costs associated with the District's direct reliance on the Utica Water and Power Authority for delivery of surface water from the North Fork Stanislaus River to UPUD facilities. These costs are allocated to both domestic and raw water system customers.

The District's budgeted costs were reviewed and allocated to these cost causation components which are used as the basis for establishing new water rates and translated into fixed and variable charges for both domestic and raw water customers. Tables in the *Appendices* show how the District's expenses were classified and allocated to these cost causation components (Tables 21-24). In the cost-of-service analysis, these cost causation components are also considered to be either fixed or variable.

## FIXED AND VARIABLE COSTS

Ideally, utilities should recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges. When this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses, which provides greater revenue stability for the utility. However, certain costs that are considered “fixed” are captured through commodity rates, particularly where an agency incurs such costs to accommodate varying levels of water usage. For example, fixed costs associated with infrastructure to accommodate higher levels of water usage may appropriately be recovered through commodity charges to align with the cause for incurring such costs. As part of the cost-of-service analysis, NBS functionalized the District’s costs into categories that represent fixed and variable costs for domestic water customers as well as the direct assignment costs for the raw water customers as well as UWPA-related costs (which are allocated to both domestic and raw water customers).

**Figure 4** summarizes how costs are allocated to each cost component based on the functionalization of expenses and used to establish the proposed water rates. Full details of the functionalization and allocation of expenses for the cost-of-service analysis are found in Tables 21-24 of the Appendix. **Figure 5** shows the resulting cost allocation summary to each cost classification component by customer class.

**Figure 4. Allocation Percentages of Revenue Requirements**

Net Revenue Requirements - Per COSA Results	Total Rate Revenue Requirements FY 2025/26	Commodity Related Costs	Fixed Costs		Direct Assignment Costs	
			Capacity Related Costs	Customer Related Costs	Raw Water Related Costs	UWPA Related Costs
Rate-Design Adjustments to Fixed/Variable %	100.0%	37.9%	36.9%	3.2%	7.3%	14.6%
Rate-Design Adjustments to Fixed/Variable (\$)	\$2,783,860	\$1,056,439	\$1,027,934	\$89,623	\$202,864	\$407,000

**Figure 5. Allocated Net Revenue Requirements by Customer Class**

Customer Classes	Classification Components					Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	VARIABLE	FIXED		Direct Assignment			
	Commodity-Related Costs	Capacity-Related Costs	Customer-Related Costs	Raw Water-Related Costs	UWPA-Related Costs		
Residential	\$ 895,236	\$ 869,688	\$ 77,736	\$ -	\$ 348,637	\$ 2,191,297	78.7%
Commercial	161,203	158,246	7,222	-	35,458	362,130	13.0%
Raw Water	-	-	4,665	202,864	22,905	230,434	8.3%
<b>Total Net Revenue Requirement</b>	<b>\$ 1,056,439</b>	<b>\$ 1,027,934</b>	<b>\$ 89,623</b>	<b>\$ 202,864</b>	<b>\$ 407,000</b>	<b>\$ 2,783,860</b>	<b>100%</b>

## 2.4 Characteristics of Water Customers by Customer Class

Customer classes are typically determined by grouping customers with similar demand characteristics into categories that reflect the cost differentials to serve each type of customer. Customer classes are most often identified as single-family, multi-family, commercial, landscape, etc., and the District follows this common methodology. The rates proposed in this report follow a similar structure where the fixed charges within each customer class vary by meter size while all customers are charged a uniform volumetric rate.

The amount of consumption, the peaking factors, and the number of meters by size are used to allocate costs to customer classes and determine the appropriate rate structures for each. These components of the COSA are presented in the following figures. Detailed analysis for the cost-of-service analysis are found in Tables 29 through 39 in the Appendix.

Commodity-related costs are costs associated with the total annual consumption of water by customer class. **Figure 6** below summarizes the most recent consumption data by customer class and represents the

expected percent of consumption over the 5-year rate period. Residential and commercial customer classes represent domestic (potable) water consumption, whereas irrigation only customers represent the non-potable water (raw water) consumption for the District.

**Figure 6. Water Consumption by Customer Class**

Development of the Volumetric/Variable Allocation Factor <sup>1</sup>			
Customer Class	CY 2023 Consumption (HCF)	% of Total Volume (Potable)	% of Total Volume (Non-potable)
Residential	275,136	84.7%	0.0%
Commercial	49,543	15.3%	0.0%
Raw Water	509,576	0.0%	100.0%
<b>Total</b>	<b>834,255</b>	<b>100.0%</b>	<b>100.0%</b>

1. Consumption data is based on UPUD billing data for CY 2023.

Figure 7 shows the peaking factors for each customer class. A “peaking factor” is the relationship between the average use by meter size to its peak use.

**Figure 7. Peaking Factors by Customer Class**

Development of the PEAK CAPACITY (MAX MONTH) Allocation Factors					
Customer Class	Average Monthly Use (HCF)	Peak Monthly Use (HCF) <sup>1</sup>	Peak Monthly Factor	% of Max Month Capacity Factor (Potable)	% of Max Month Capacity Factor (Non-potable)
Residential	22,928	38,800	1.69	84.6%	0.0%
Commercial	4,129	7,060	1.71	15.4%	0.0%
Raw Water	42,465	102,807	2.42	0.0%	100.0%
<b>Total</b>	<b>69,521</b>	<b>148,667</b>	<b>2.14</b>	<b>100.0%</b>	<b>100.0%</b>

1. Based on peak monthly data (peak day data not available).

Both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events are typically allocated to each meter size according to its contribution to peak capacity events. As summarized in Figure 7 above, however, residential and commercial customer classes have peak monthly factors that are nearly identical for the domestic (potable) water customers. Therefore, there is no differential by customer class that supports a higher allocation of capacity costs to one domestic (potable) water customer class compared to another based on the peak capacity (maximum month) use analysis. Based on the analysis, it is appropriate to will follow the existing rate structure for the District, in which all potable water meters (both residential and commercial classes) are allocated capacity costs based on the hydraulic capacity factor of the meter, as detailed in Table 33 in the Appendix.

Figure 8 shows the number of customers for each customer class. The percentage of total customers by customer class is then used to develop the customer allocation factors to allocate customer costs. Customer costs are those costs associated with having customers connected to the water system and include costs related to meter reading, postage, and billing.

**Figure 8. Number of Customers by Customer Class**

Development of the Customer Allocation Factor		
Customer Class	No. of Dwelling Units CY 2023	% of Total Units
Residential	1,733	86.7%
Commercial	161	8.1%
Raw Water	104	5.2%
<b>Total</b>	<b>1,998</b>	<b>100.0%</b>

1. Meter count data is based on the District's billing data for December 2023.
2. Residential customer class includes additional 280 ADU units.

## 2.5 Rate Design Analysis

A rate structure must result in rates that reflect the proportional cost of service on a parcel basis (including through establishing rates for groups of similarly situated parcels). There may be many ways of establishing cost-based rates, and when evaluating amongst such Proposition 218-compliant structures, an agency may consider other factors including continuity of rate design, revenue stability, equity among customers, and water conservation. NBS discussed various rate designs alternatives with District staff, the District Finance Committee and the District Board of Directors over the course of this study. The following section describes how the proposed water rates were determined.

### DEVELOPMENT OF PROPOSED RATES

#### **Fixed Service Charges**

The fixed meter charge recognizes that the water utility incurs fixed costs regardless of whether customers use water. Two components comprise the fixed meter charge: (1) the capacity component, and (2) the customer component. The capacity component recovers costs associated with sizing the water system to ensure there is sufficient capacity in the system to meet peak demand. A user class with higher-peaking ratio is typically allocated a proportionately higher share of the capacity-related costs compared to customer classes with lower peaking ratios. However, as summarized above, the residential and commercial classes in the domestic (potable) water system have peaking factors that are nearly identical, and thus the capacity costs are allocated based on meter size in relationship to the hydraulic capacity factor of the meter. The customer component includes those costs related to reading and maintaining meters, customer billing and collection, and other customer service-related costs.

Fixed charges also vary based on meter sizes because larger meters have higher capacity requirements and reflect their potential to use more of the system's capacity.<sup>15</sup> The potential capacity demands (peaking) is proportional to the maximum hydraulic flow through each meter size based on the hydraulic capacity ratios established by AWWA.<sup>16</sup> The AWWA capacity ratios used for this report are shown in **Figure 9**.

<sup>15</sup> System capacity is the system's ability to supply water to all delivery points at the time when demanded.

<sup>16</sup> *Principles of Water Rates, Fees and Charges, Manual of Water Supply Practices, Manual M1, AWWA, 7<sup>th</sup> Edition, 2017, p. 386. Water Meters – Selection, Installation, Testing and Maintenance, Manual M6, AWWA, 5<sup>th</sup> Edition, 2012, pp. 63-65.*

**Figure 9. Hydraulic Capacity Factors**

Meter Size	Standard Meters	
	Meter Capacity (gpm) <sup>1</sup>	Equivalency to 1-inch
<i>Displacement Meters</i>		
3/4 inch	30	1.00
1 inch	50	1.67
1 1/2 inch	100	3.33
2 inch	160	5.33
<i>Compound Class I Meters</i>		
3 inch	320	10.67
4 inch	500	16.67
6 inch	1,000	33.33
8 inch	1,600	53.33
<i>Turbine Class II Meters</i>		
10 inch	4,200	140.00

1. Per AWWA M-1, Table B-1.

The actual number of meters by size is multiplied by the corresponding capacity ratios to calculate “equivalent” meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. **Figure 10** summarizes the number of meters, the hydraulic capacity factors, and the number of equivalent meters (i.e., the number of meters multiplied by the hydraulic capacity factor) by customer class and meter size.

**Figure 10. Equivalent Meters for Domestic and Raw Water Customers**

Number of Meters by Class and Size <sup>1</sup>	FY 2024/25							Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	
Residential	1,563	16	1	2	0	0	1	1,582
Commercial	135	16	3	5	1	1	0	161
<b>Total Meters/Accounts</b>	<b>1,698</b>	<b>32</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1,743</b>
<i>Hydraulic Capacity Factor<sup>2</sup></i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.67</i>	<i>16.67</i>	<i>33.33</i>	
<b>Total Equivalent Meters</b>	<b>1,698</b>	<b>53</b>	<b>13</b>	<b>37</b>	<b>11</b>	<b>17</b>	<b>33</b>	<b>1,863</b>

Number of Meters by Class and Size <sup>1</sup>	FY 2024/25							Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	
Raw Water	8	36	37	13	8	2	0	104
<b>Total Meters/Accounts</b>	<b>8</b>	<b>36</b>	<b>37</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>0</b>	<b>104</b>
<i>Hydraulic Capacity Factor<sup>2</sup></i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.67</i>	<i>16.67</i>	<i>33.33</i>	
<b>Total Equivalent Meters</b>	<b>8</b>	<b>60</b>	<b>123</b>	<b>69</b>	<b>85</b>	<b>33</b>	<b>0</b>	<b>379</b>

1. Meter by Class and Size are based on UPUD customer billing data.

Using the costs allocated to each customer class from Figure 5, **Figure 11** shows the calculation of the fixed monthly service charges for all customer classes based on meter size, for both domestic customers as well as for raw water customers. As previously mentioned, the customer service charge is calculated by dividing the customer service-related costs by the total number of meters, whereas the fixed capacity charge is calculated by dividing the capacity-related costs by the total number of equivalent meters for each meter size. As demonstrated in the functionalization and classification during the cost-of-service analysis, the capacity costs for domestic water customers are higher than for raw water customers due to the treatment costs of treating domestic water to potable use standards, the complexity of the domestic water distribution system, the operations & maintenance costs associated with the domestic system, as well as the additional costs associated with State reporting requirements for the domestic water system.



**Figure 11. Calculation of Fixed Service Charges for Domestic and Raw Water Customers**

Number of Meters by Class and Size <sup>1</sup>	FY 2024/25								Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter		
Residential	1,563	16	1	2	0	0	1	1,582	
Commercial	135	16	3	5	1	1	0	161	
<b>Total Meters/Accounts</b>	<b>1,698</b>	<b>32</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1,743</b>	
Hydraulic Capacity Factor <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33		
<b>Total Equivalent Meters</b>	<b>1,698</b>	<b>53</b>	<b>13</b>	<b>37</b>	<b>11</b>	<b>17</b>	<b>33</b>	<b>1,863</b>	
<b>Monthly Fixed Service Charges</b>									
Customer Costs (\$/Acct/month) <sup>3</sup>	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74		
Capacity Costs (\$/Acct/month) <sup>4</sup>	\$64.24	\$107.07	\$214.14	\$342.62	\$685.24	\$1,070.70	\$2,141.39		
UPWA Costs (\$/Acct/month) <sup>5</sup>	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36		
<b>Total Monthly Meter Charge</b>	<b>\$67.98</b>	<b>\$110.81</b>	<b>\$217.88</b>	<b>\$346.36</b>	<b>\$688.98</b>	<b>\$1,074.43</b>	<b>\$2,145.13</b>		
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>									
Customer Costs	\$ 84,958								
Capacity Costs	1,435,931								
UPWA Costs	384,095								
<b>Total Fixed Meter Costs</b>	<b>\$ 1,904,984</b>								
<b>Annual Revenue from Monthly Meter Charges</b>									
Customer Charges	\$ 76,166	\$ 1,435	\$ 179	\$ 314	\$ 45	\$ 45	\$ 45	\$ 78,229	
Capacity Charges	\$ 1,308,989	\$ 41,115	\$ 10,279	\$ 28,780	\$ 8,223	\$ 12,848	\$ 25,697	\$ 1,435,931	
UPWA Charges	\$ 374,179	\$ 7,052	\$ 881	\$ 1,543	\$ 220	\$ 220	\$ 220	\$ 384,316	
<b>Total Revenue from Monthly Meter Charge</b>	<b>\$ 1,385,155</b>	<b>\$ 42,550</b>	<b>\$ 10,458</b>	<b>\$ 29,094</b>	<b>\$ 8,268</b>	<b>\$ 12,893</b>	<b>\$ 25,742</b>	<b>\$ 1,898,476</b>	

1. Meter by Class and Size are based on June 2023 customer billing data.
2. Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
5. UPWA costs are allocated to each customer by dividing the total customer costs by the total number of customers.

Number of Meters by Class and Size <sup>1</sup>	FY 2024/25								Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter		
Raw Water	8	36	37	13	8	2	0	104	
<b>Total Meters/Accounts</b>	<b>8</b>	<b>36</b>	<b>37</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>0</b>	<b>104</b>	
Hydraulic Capacity Factor <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33		
<b>Total Equivalent Meters</b>	<b>8</b>	<b>60</b>	<b>123</b>	<b>69</b>	<b>85</b>	<b>33</b>	<b>0</b>	<b>379</b>	
<b>Monthly Fixed Service Charges</b>									
Customer Costs (\$/Acct/month) <sup>3</sup>	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74		
Capacity Costs (\$/Acct/month) <sup>4</sup>	\$31.91	\$53.18	\$106.37	\$170.19	\$340.38	\$531.84	\$1,063.68		
<b>Total Monthly Meter Charge</b>	<b>\$35.65</b>	<b>\$56.92</b>	<b>\$110.11</b>	<b>\$173.93</b>	<b>\$344.11</b>	<b>\$535.58</b>	<b>\$1,067.41</b>		
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>									
Customer Costs	\$ 4,665								
Capacity Costs	145,255								
UPWA Costs	22,905								
<b>Total Fixed Meter Costs</b>	<b>\$ 172,825</b>								
<b>Annual Revenue from Monthly Meter Charges</b>									
Customer Charges	\$ 359	\$ 1,615	\$ 1,660	\$ 583	\$ 359	\$ 90	\$ -	\$ 4,665	
Capacity Charges	\$ 3,063	\$ 22,975	\$ 47,227	\$ 26,549	\$ 32,676	\$ 12,764	\$ -	\$ 145,255	
UPWA Charges	\$ 1,763	\$ 7,933	\$ 8,153	\$ 2,865	\$ 1,763	\$ 441	\$ -	\$ 22,918	
<b>Total Revenue from Monthly Meter Charge</b>	<b>\$ 5,185</b>	<b>\$ 32,523</b>	<b>\$ 57,040</b>	<b>\$ 29,997</b>	<b>\$ 34,798</b>	<b>\$ 13,295</b>	<b>\$ -</b>	<b>\$ 172,838</b>	

1. Meter by Class and Size are based on UPUID customer billing data.
2. Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

**Volumetric Rates**

Currently, the District uses a uniform rate structure for all customers; and the proposed rates maintain the uniform volumetric rate for both domestic and non-potable (raw) water. Given the single source of water supply, a uniform volumetric rate is the most defensible commodity rate structure from a Prop 218 perspective.

**Figure 12** summarizes the calculation of the maximum rate for uniform tier rate per unit of water for all customers, including the basic commodity rate for both potable and non-potable (raw) water. Additional detail on the rate design summarizing revenue requirements by customer class is found in Table 30 in the Appendix. Additional detail on the calculation of revenue collection from the fixed and variable components of the rate structure is found in Table 31 of the Appendix.

**Figure 12. Uniform Tier Rates for CY 2025**

Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
Domestic	324,679	\$ 648,443	23.3%	\$2.00	Uniform
Raw Water	509,576	57,608	2.1%	\$0.11	Uniform
<b>Total Water</b>	<b>834,255</b>	<b>\$ 706,051</b>	<b>25.4%</b>		

**UWPA Charge**

The District relies directly on Utica Water & Power Authority (UWPA) for delivery of surface water from the North Fork Stanislaus River to District facilities. The water delivered by UPWA is then treated by the District’s water treatment plant to potable use standards for the domestic system and distributed to domestic customers; whereas the raw water is distributed to raw water customers without being treated to potable use standards by the District. The UWPA Charge is designed to be a “pass-through” that covers the costs of the District’s projected contribution amounts to UWPA for delivery of surface water.

Based on input from District staff and the District Board of Directors, the proposed charge is calculated by dividing the District’s budgeted yearly required UWPA contribution by the District’s total number of accounts and additional dwelling units (both domestic and raw water customers), as shown in Figure 12 below.

**Figure 13. UPWA Charges by Calendar Year**

Category	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
UWPA Contribution	\$ 388,500	\$ 427,350	\$ 470,085	\$ 517,094	\$ 568,803
Number of Accounts & Dwelling Units	1,998	2,038	2,079	2,120	2,163
UPWA Monthly Charge	\$ 16.20	\$ 17.47	\$ 18.85	\$ 20.32	\$ 21.92

The District would be required to notify customers of the proposed pass-through policy in a Proposition 218 notification letter. If the policy passes the Proposition 218 adoption requirements, the District will be authorized to recalculate the UWPA Fee to account for any changes in the UWPA contribution in future years during the five-year rate adoption period. Such an adjustment will not require a public hearing or any additional action by the District Board; however, the District will be required to provide customers with notice of the expected adjustment at least 30 days before the effective date of the adjustment.

**2.6 Proposed Water Rates**

The District’s previous rate study was in 2022. Since then, the underlying cost factors, particularly with regard to O&M and capital improvement costs, have changed. The cost-of-service analysis by nature “re-balances” how costs are allocated between customer classes and, as a result, there are uneven adjustments in the first year of the 5-year rate adoption period. In contrast, in the subsequent four years of the rate planning period, proposed charges are simply adjusted by the proposed adjustment in total rate revenue needed to meet projected revenue requirements.

As directed by the Board of Directors meeting on August 28, 2024, the proposed adjustments for the raw water customers reflect adjustments less than the maximum cost-of-service adjustments. As mentioned above, the uneven adjustments in the first year reflect the re-balancing of the cost-of-service analysis. For

years two through five, the adjustments for raw water customers reflect a 6.5% adjustment annually, as shown in the maximum rates found in the proposed rate table below. As a result, the District will be collecting less revenue from the raw water customers than the maximum calculated by the cost-of-service analysis. As a result, the projected reserve levels in the raw water reserve fund will be less than what would be projected if the maximum rates per the cost-of-service analysis were implemented. The water usage charge for raw water usage charges is also reflective of the maximum 6.5% adjustment annually, as directed by the Board.

**Figure 14** provides a comparison of the current and proposed water rates for January 1, 2025 through January 1, 2029 for each customer class and meter size. Projected rates for each calendar year<sup>17</sup> reflect adjustments based on the cost-of-service analysis, the proposed rate design structure, and the recommended percent increases in rate revenue planned for each year. More detailed tables on the development of the proposed water rates are documented in Appendix A.

**Figure 14. Current and Proposed Water Rates**

Water Rate Schedule	Current Rates	Proposed Rates				
		January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
<b>Water Usage Charges (in \$/HCF)</b>						
Domestic/Potable Water	\$1.04	\$2.00	\$2.20	\$2.39	\$2.54	\$2.69
Raw/non-potable Water	\$0.09	\$0.10	\$0.10	\$0.11	\$0.12	\$0.12
<b>Monthly Fixed Service Charges (in \$/mo)</b>						
<b>Domestic Service Charge</b>						
5/8" or 3/4"	\$62.86	\$67.98	\$74.78	\$81.51	\$86.40	\$91.58
1"	\$94.15	\$110.81	\$121.89	\$132.86	\$140.83	\$149.28
1.5"	\$172.39	\$217.88	\$239.66	\$261.23	\$276.91	\$293.52
2"	\$266.28	\$346.36	\$381.00	\$415.29	\$440.20	\$466.62
3"	\$485.34	\$688.98	\$757.88	\$826.09	\$875.66	\$928.20
4"	\$798.28	\$1,074.43	\$1,181.88	\$1,288.25	\$1,365.54	\$1,447.47
6"	\$1,580.65	\$2,145.13	\$2,359.64	\$2,572.01	\$2,726.33	\$2,889.91
<b>Raw Water Service Charge</b>						
5/8" or 3/4"	\$32.83	\$35.65	\$37.97	\$40.43	\$43.06	\$45.86
1"	\$45.16	\$56.92	\$60.62	\$64.56	\$68.76	\$73.23
1.5"	\$75.97	\$110.11	\$117.26	\$124.88	\$133.00	\$141.65
2"	\$112.95	\$173.93	\$185.23	\$197.27	\$210.09	\$223.75
3"	\$199.24	\$344.11	\$366.48	\$390.30	\$415.67	\$442.69
4"	\$322.51	\$535.58	\$570.39	\$607.46	\$646.95	\$689.00
6"	\$630.67	\$1,067.41	\$1,136.80	\$1,210.69	\$1,289.38	\$1,373.19
<b>Customer Service Charge (\$/mo/dwelling unit)</b>						
Customer Service Charge - Per Each Additional Dwelling Unit or Parcel	N/A	\$3.74	\$4.11	\$4.48	\$4.75	\$5.04
<b>UPWA Fee (\$/mo)</b>						
UPWA Fee - All Customers, Per Equivalent Dwelling Unit or Parcel	\$18.00	\$16.20	\$17.47	\$18.85	\$20.32	\$21.92

## 2.7 Emergency Response Rates

The District is obligated to meet its annual net revenue requirements regardless of whether consumption levels decline due to State mandated conservation or other unexpected events (e.g., natural disasters, wildfire, catastrophic infrastructure failure, etc.). Even if consumption levels decline, the District will continue to incur fixed costs, and must have a revenue-neutral mechanism to ensure fiscal sustainability. To this end, emergency responses rates are intended to maintain the necessary level of revenues.<sup>18</sup>

<sup>17</sup> All rate adjustments are scheduled to be effective on January 1, 2025.

<sup>18</sup> Details regarding the calculation of the emergency response rates can be found in Appendix A.

**Domestic Emergency Response Rates –**

**Figure 15** shows baseline consumption as well as projected consumption at each increased shortage level for 2023 for domestic water customers. **Figure 16** shows the maximum emergency response charge (\$/HCF) that could be enacted by the District Board of Directors in the event of an emergency scenario by mandate shortage level and calendar year for domestic water customers.

**Figure 15. Domestic Consumption Assumptions Used in Emergency Response Charge Analysis**

2023 Consumption Assumptions				
Shortage Level <sup>1</sup>	Percent Shortage Range <sup>2</sup>	Potable Water Consumption (AF/yr.)	Potable Water Consumption (ccf/yr.)	Difference to Baseline (ccf)
1	Less than 10% Conservation <sup>3</sup>	745	324,679	0
2	Up to 20% Conservation	596	292,211	(32,468)
3	Up to 30% Conservation	522	259,743	(64,936)
4	Up to 40% Conservation	447	227,275	(97,404)
5	Up to 50% Conservation	373	194,807	(129,872)
6	Greater than 50% Conservation	298	162,339	(162,339)

1. State Water Resources Control Board Water Shortage Contingency Plan Shortage Level.
2. Drought levels based on the State Water Resources Control Board Drought Emergency Water Conservation.
3. This represents the baseline consumption for CY 2023 consumption. Conservation percentage for each drought stage is relative to the baseline consumption.

**Figure 16. Emergency Response Charge for Domestic Customers**

Rate Structure: Potable Water					
Emergency Response Charge (\$/HCF)					
Conservation Goal	2025	2026	2027	2028	2029
< 10%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Up to 20%	\$0.22	\$0.24	\$0.27	\$0.28	\$0.30
Up to 30%	\$0.50	\$0.55	\$0.60	\$0.63	\$0.67
Up to 40%	\$0.86	\$0.94	\$1.03	\$1.09	\$1.15
Up to 50%	\$1.33	\$1.46	\$1.60	\$1.69	\$1.79
> 50%	\$2.00	\$2.20	\$2.39	\$2.54	\$2.69

**Raw Water Emergency Response Rates –**

**Figure 15** shows baseline consumption as well as projected consumption at each increased shortage level for 2023 for raw water customers. **Figure 16** shows the maximum emergency response charge (\$/HCF) that could be enacted by the District Board of Directors in the event of an emergency scenario by shortage level and calendar year for raw water customers.

**Figure 17. Raw Water Consumption Assumptions Used in Emergency Response Charge Analysis**

2023 Consumption Assumptions				
Shortage Level <sup>1</sup>	Percent Shortage Range <sup>2</sup>	Potable Water Consumption (AF/yr.)	Raw Water Consumption (ccf/yr.)	Difference to Baseline (ccf)
1	Less than 10% Conservation <sup>3</sup>	1,170	509,576	0
2	Up to 20% Conservation	936	458,618	(50,958)
3	Up to 30% Conservation	819	407,661	(101,915)
4	Up to 40% Conservation	702	356,703	(152,873)
5	Up to 50% Conservation	585	305,746	(203,830)
6	Greater than 50% Conservation	468	254,788	(254,788)

1. State Water Resources Control Board Water Shortage Contingency Plan Shortage Level.
2. Drought levels based on the State Water Resources Control Board Drought Emergency Water Conservation.
3. This represents the baseline consumption for CY 2023 consumption. Conservation percentage for each drought stage is relative to the baseline consumption.

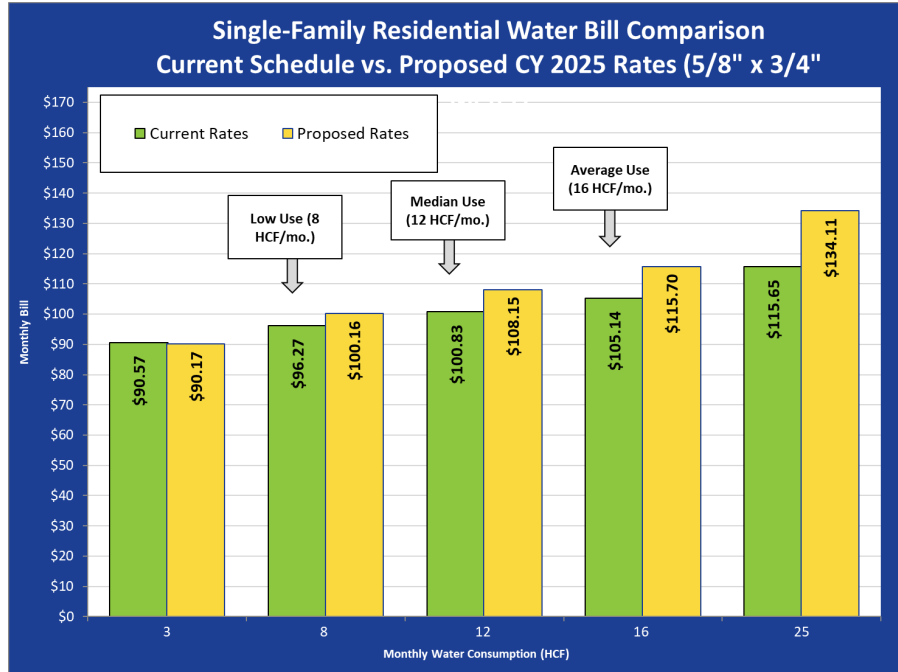
**Figure 18. Emergency Response Charge for Raw Water Customers**

Rate Structure: Irrigation/Raw Water					
Emergency Response Charge (\$/HCF)					
Conservation Goal	2025	2026	2027	2028	2029
< 10%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Up to 20%	\$0.01	\$0.01	\$0.02	\$0.02	\$0.02
Up to 30%	\$0.03	\$0.03	\$0.03	\$0.04	\$0.04
Up to 40%	\$0.05	\$0.05	\$0.06	\$0.06	\$0.07
Up to 50%	\$0.08	\$0.08	\$0.09	\$0.10	\$0.10
> 50%	\$0.11	\$0.12	\$0.14	\$0.14	\$0.15

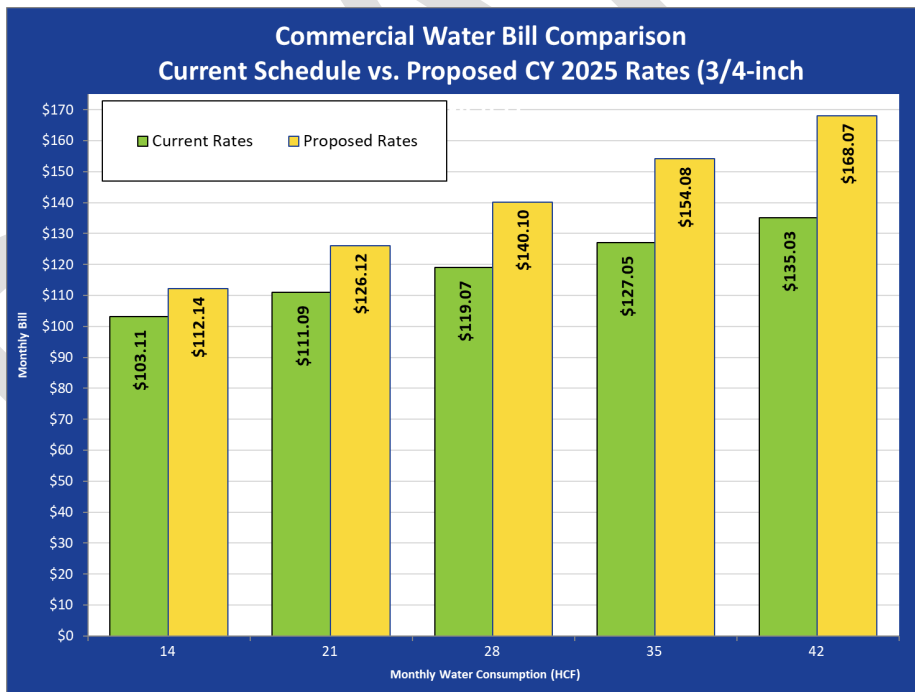
## 2.8 Comparison of Current and Proposed Water Bills

Figure 19 and Figure 20 compare a range of monthly water bills under the current rate schedule and proposed water rates for both potable water customers beginning on January 1, 2025. These monthly bills are based on typical meter sizes and highlight the average consumption levels for each customer.

**Figure 19. Monthly Water Bill Comparison for Residential Customers**

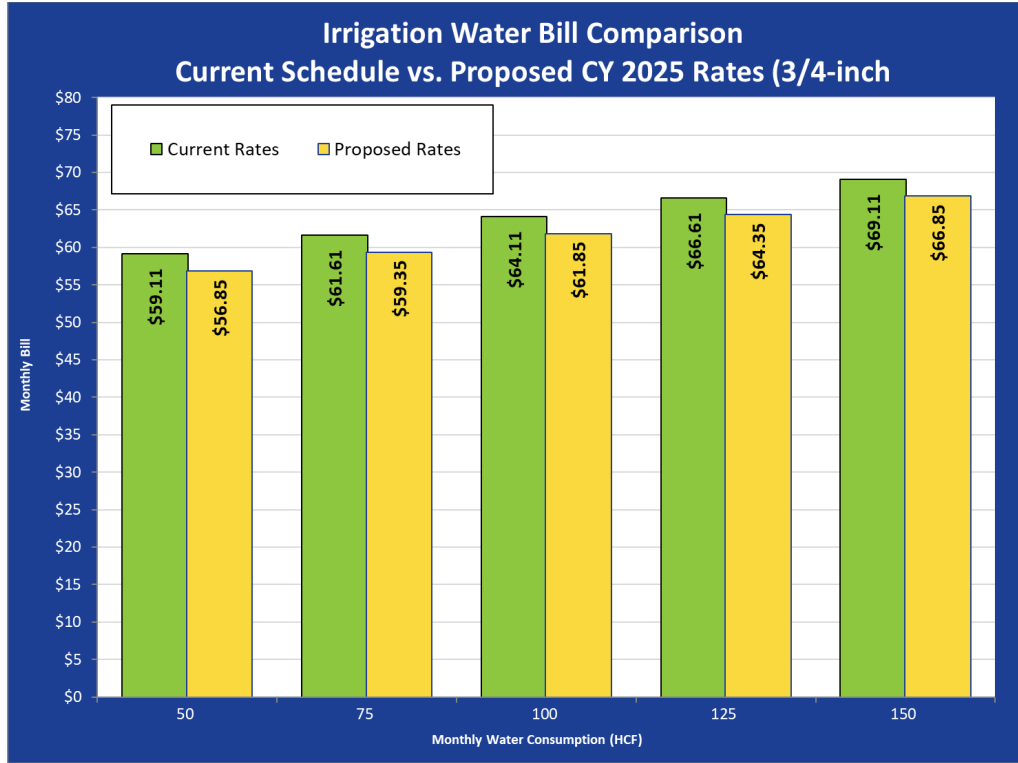


**Figure 20. Monthly Water Bill Comparison for Commercial Customers**



**Figure 21** and **Figure 22** compare a range of monthly water bills under the current rate schedule and proposed water rates for both raw water customers beginning on January 1, 2025. These monthly bills are based on typical meter sizes and highlight the average consumption levels for each customer.

**Figure 21. Monthly Water Bill Comparison for Raw Water Customers**



**Figure 22. Monthly Water Bill Comparison for Raw Water Customers**

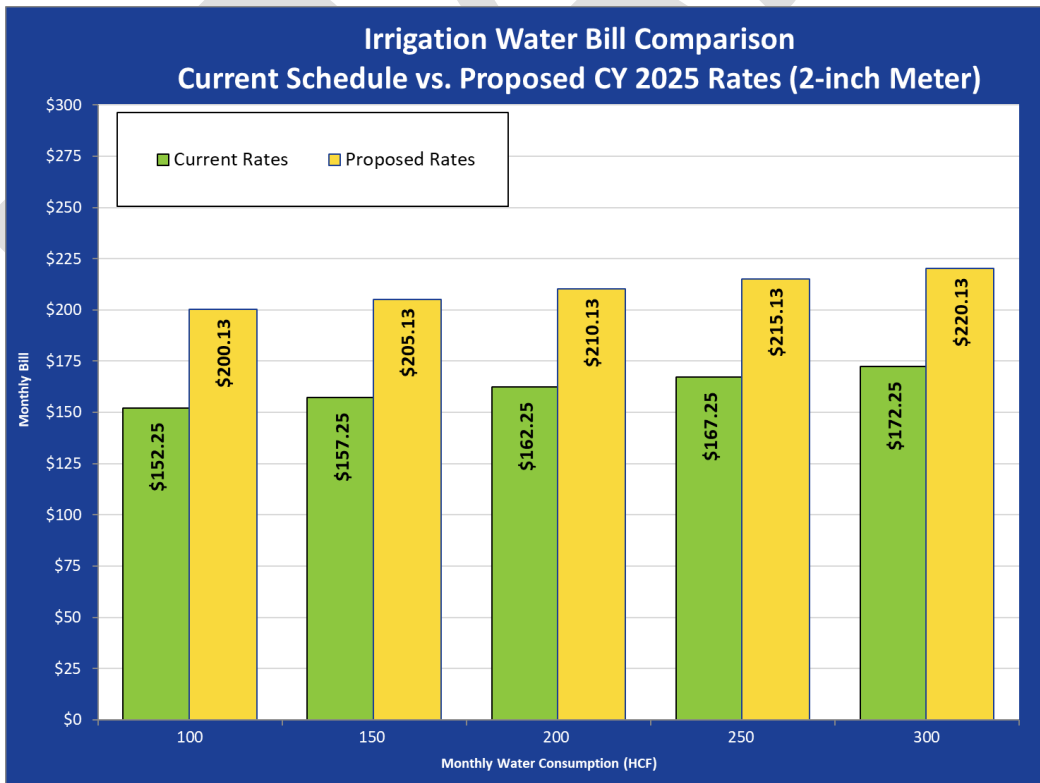
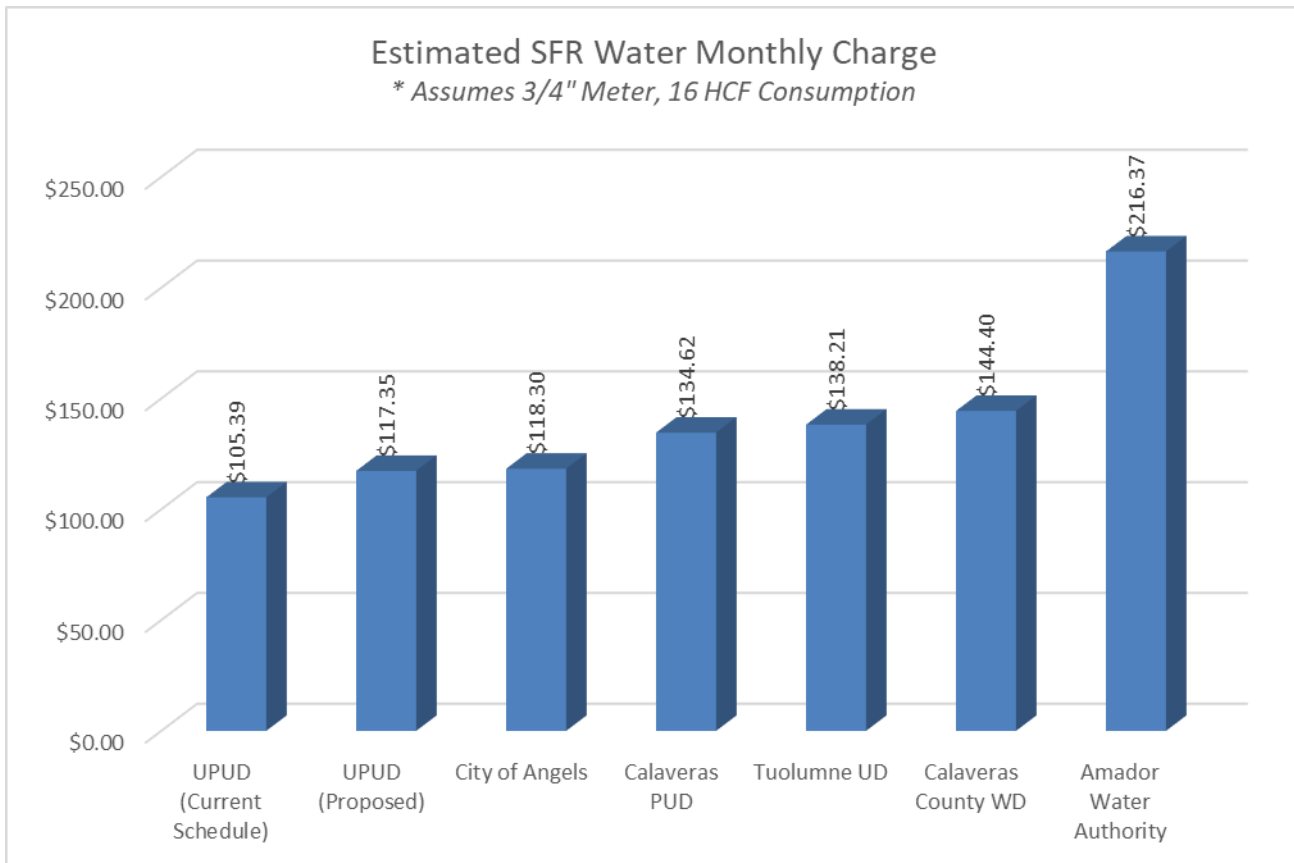


Figure 23 presents a comparison of residential water rates for similar communities. For the bill comparison, all rates shown are reflective of effective date of January 1, 2025.

Figure 23. Residential Bills Comparison for Similar Communities





## 3. Recommendations and Next Steps

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### 3.1 Consultant Recommendations

NBS recommends the District take the following actions:

- **Accept this Study:** NBS recommends the District Board of Directors approve this Study and its recommendations and proceed with the next steps outlined below to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Prop 218 procedural requirements, the District should proceed with implementing the 5-year schedule of proposed rates and rate increases previously shown in Figure 14. This will help ensure the continued financial health of District's utilities.

### 3.2 Next steps

**Annually Review Rates and Revenue** – Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements – particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

*Note: The attached Technical Appendices provide more detailed information on the analysis of the financial plan, revenue requirements, cost-of-service, and the rate design analyses that have been summarized in this report.*

### 3.3 NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on several principal assumptions and considerations regarding financial matters, conditions, and events that may occur in the future. This information and these assumptions, including the District's budgets, capital improvement costs, customer accounts and consumption, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

# Technical Appendices

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These Appendices contain:

- Appendix A: Water Rate Study Tables and Figures

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# Appendix A. Water Rate Study Tables and Figures

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**TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS**

RATE REVENUE REQUIREMENTS SUMMARY	5-Year Projected Rate Period					Projected				
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Sources of Water Funds<sup>1</sup></b>										
Water Sales	\$ 2,276,582	\$ 2,351,726	\$ 2,431,335	\$ 2,515,792	\$ 2,605,523	\$ 2,700,989	\$ 2,802,700	\$ 2,911,214	\$ 3,027,145	\$ 3,151,165
Connection Fees	14,000	-	-	-	-	-	-	-	-	-
Non-Operating Revenue	240,200	245,004	249,904	254,902	260,000	265,200	270,504	275,914	281,433	287,061
<b>Total Sources of Funds:</b>	<b>\$ 2,530,782</b>	<b>\$ 2,596,730</b>	<b>\$ 2,681,239</b>	<b>\$ 2,770,695</b>	<b>\$ 2,865,523</b>	<b>\$ 2,966,189</b>	<b>\$ 3,073,204</b>	<b>\$ 3,187,129</b>	<b>\$ 3,308,578</b>	<b>\$ 3,438,226</b>
<b>Uses of Water Funds<sup>1</sup></b>										
<i>Operating Expenses:</i>										
Water System	\$ 2,286,498	\$ 2,343,152	\$ 2,448,140	\$ 2,559,411	\$ 2,677,453	\$ 2,802,801	\$ 2,936,037	\$ 3,077,796	\$ 3,228,772	\$ 3,389,722
Subtotal: Operating Expenses	\$ 2,286,498	\$ 2,343,152	\$ 2,448,140	\$ 2,559,411	\$ 2,677,453	\$ 2,802,801	\$ 2,936,037	\$ 3,077,796	\$ 3,228,772	\$ 3,389,722
<i>Other Expenditures:</i>										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Debt Service	-	140,038	140,038	210,057	210,057	210,057	210,057	210,057	229,563	230,636
Rate-Funded Capital Expenses	-	-	89,001	757,960	1,052,269	3,148,295	2,796,270	1,450,270	1,842,037	1,140,006
Subtotal: Other Expenditures	\$ -	\$ 140,038	\$ 229,039	\$ 968,017	\$ 1,262,326	\$ 3,358,352	\$ 3,006,327	\$ 1,660,327	\$ 2,071,601	\$ 1,370,642
<b>Total Uses of Water Funds:</b>	<b>\$ 2,286,498</b>	<b>\$ 2,483,190</b>	<b>\$ 2,677,179</b>	<b>\$ 3,527,428</b>	<b>\$ 3,939,779</b>	<b>\$ 6,161,153</b>	<b>\$ 5,942,364</b>	<b>\$ 4,738,124</b>	<b>\$ 5,300,373</b>	<b>\$ 4,760,364</b>
<i>plus: Revenue from Rate Increases<sup>3</sup></i>	126,539	400,883	700,108	971,630	1,221,275	1,497,113	1,801,640	2,137,587	2,507,943	2,915,977
<b>Annual Surplus/(Deficit)</b>	<b>\$ 370,823</b>	<b>\$ 514,424</b>	<b>\$ 704,167</b>	<b>\$ 214,897</b>	<b>\$ 147,018</b>	<b>\$ (1,697,851)</b>	<b>\$ (1,067,520)</b>	<b>\$ 586,592</b>	<b>\$ 516,148</b>	<b>\$ 1,593,840</b>
<b>Net Revenue Req't. (Total Uses less Non-Rate Revenue)</b>	<b>\$ 2,032,298</b>	<b>\$ 2,238,186</b>	<b>\$ 2,427,275</b>	<b>\$ 3,272,526</b>	<b>\$ 3,679,779</b>	<b>\$ 5,895,953</b>	<b>\$ 5,671,860</b>	<b>\$ 4,462,209</b>	<b>\$ 5,018,940</b>	<b>\$ 4,473,303</b>
<b>Total Rate Revenue After Rate Increases (Water)</b>	<b>\$ 2,529,660</b>	<b>\$ 2,895,353</b>	<b>\$ 3,277,050</b>	<b>\$ 3,596,422</b>	<b>\$ 3,945,831</b>	<b>\$ 4,328,101</b>	<b>\$ 4,746,326</b>	<b>\$ 5,203,891</b>	<b>\$ 5,704,501</b>	<b>\$ 6,252,216</b>
<b>Projected Annual Rate Revenue Increase</b>	<b>10.00%</b>	<b>10.00%</b>	<b>9.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>
<i>Cumulative Increase from Annual Revenue Increases</i>	10.00%	21.00%	31.89%	39.80%	48.19%	57.08%	66.51%	76.50%	87.09%	98.31%
<i>Debt Coverage After Rate Increase</i>	N/A	4.67	6.66	5.63	6.71	7.90	9.23	10.70	11.27	12.85

1. Revenue and expenses for FY 2021/22 through FY 2023/24 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.
2. Interest earnings for FY 2021/22 through FY 2023/24 are from the District's Budget. For all other years, interest is calculated based on historical LAIF returns.
3. Revenue from rate increases assumes an implementation date of January 1, 2025 for new rates. For each year thereafter, the assumption is that new rates will be implemented on January 1st of each year.

1	<-- Select Financial Plan Scenario Here	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
1	Alternative 1 - Custom Rate Increases	10.00%	10.00%	9.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2	Alternative 2 - Custom Rate Increases	8.00%	8.00%	8.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
3	Alternative 3 - Custom Rate Increases	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
4	Alternative 4 - No Rate Increases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

WATER RATE STUDY

Financial Plan and Reserve Projections

Preliminary Draft Subject to Material Revision, Do Not Cite or Distribute

TABLE 2 : RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY	5-Year Projected Rate Period					Projected				
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Unrestricted Reserve:</b>										
<b>Total Beginning Cash<sup>1</sup></b>	<b>\$1,761,043</b>									
<b>Operating Reserve</b>										
Beginning Reserve Balance	\$ 494,027	\$ 572,000	\$ 586,000	\$ 612,000	\$ 640,000	\$ 669,000	\$ (1,020,228)	\$ (2,087,747)	\$ (1,501,155)	\$ (985,007)
Beginning Irrigation Reserve Fund Balance	201,496	153,518	191,005	242,318	257,978					
Beginning Domestic Reserve Fund Balance	292,531	418,482	394,995	369,682	382,022					
Plus: Net Cash Flow (After Rate Increases)	370,823	514,424	704,167	214,897	147,018	(1,697,851)	(1,067,520)	586,592	516,148	1,593,840
Plus: Transfer in of Debt Reserve Surplus	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	6,368	7,373	7,554	7,889	8,250	8,623	-	-	-	-
Plus: Loan Proceeds	1,500,000	-	750,000	-	-	-	-	-	-	-
Less: Transfer out to Capital and Infrastructure Reserve	(1,799,218)	(507,797)	(1,435,721)	(194,785)	(126,268)	-	-	-	-	-
<b>Ending Operating Reserve Balance</b>	<b>\$ 572,000</b>	<b>\$ 586,000</b>	<b>\$ 612,000</b>	<b>\$ 640,000</b>	<b>\$ 669,000</b>	<b>\$ (1,020,228)</b>	<b>\$ (2,087,747)</b>	<b>\$ (1,501,155)</b>	<b>\$ (985,007)</b>	<b>\$ 608,833</b>
<b>Target Ending Balance (90 days of O&amp;M)<sup>2</sup></b>	<b>\$ 572,000</b>	<b>\$ 586,000</b>	<b>\$ 612,000</b>	<b>\$ 640,000</b>	<b>\$ 669,000</b>	<b>\$ 701,000</b>	<b>\$ 734,000</b>	<b>\$ 769,000</b>	<b>\$ 807,000</b>	<b>\$ 847,000</b>
<b>Capital Reserve</b>										
Beginning Reserve Balance	\$1,267,016	\$ 1,536,266	\$ 1,698,391	\$ 2,457,613	\$ 1,226,464	\$ 1,142,077	\$ 1,014,721	\$ 1,013,080	\$ 1,013,059	\$ 1,013,058
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	1,799,218	507,797	1,435,721	194,785	126,268	-	-	-	-	-
Plus: Interest Earnings	16,332	19,802	21,892	31,679	15,809	14,721	13,080	13,059	13,058	13,058
Less: Use of Reserves for Capital Projects	(1,546,300)	(365,474)	(698,391)	(1,457,613)	(226,464)	(142,077)	(14,721)	(13,080)	(13,059)	(13,058)
<b>Ending Capital Reserve Balance</b>	<b>\$ 1,536,266</b>	<b>\$ 1,698,391</b>	<b>\$ 2,457,613</b>	<b>\$ 1,226,464</b>	<b>\$ 1,142,077</b>	<b>\$ 1,014,721</b>	<b>\$ 1,013,080</b>	<b>\$ 1,013,059</b>	<b>\$ 1,013,058</b>	<b>\$ 1,013,058</b>
<b>Target Ending Balance (\$1 million)<sup>3</sup></b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
<b>Ending Balance - Excl. Restricted Reserves</b>	<b>\$ 2,108,266</b>	<b>\$ 2,284,391</b>	<b>\$ 3,069,613</b>	<b>\$ 1,866,464</b>	<b>\$ 1,811,077</b>	<b>\$ (5,506)</b>	<b>\$ (1,074,668)</b>	<b>\$ (488,096)</b>	<b>\$ 28,051</b>	<b>\$ 1,621,891</b>
<b>Min. Target Ending Balance -Excl. Restricted Reserves</b>	<b>\$ 1,572,000</b>	<b>\$ 1,586,000</b>	<b>\$ 1,612,000</b>	<b>\$ 1,640,000</b>	<b>\$ 1,669,000</b>	<b>\$ 1,701,000</b>	<b>\$ 1,734,000</b>	<b>\$ 1,769,000</b>	<b>\$ 1,807,000</b>	<b>\$ 1,847,000</b>
<b>Ending Surplus/(Deficit) Compared to Reserve Targets</b>	<b>\$ 536,266</b>	<b>\$ 698,391</b>	<b>\$ 1,457,613</b>	<b>\$ 226,464</b>	<b>\$ 142,077</b>	<b>\$ (1,706,506)</b>	<b>\$ (2,808,668)</b>	<b>\$ (2,257,096)</b>	<b>\$ (1,778,949)</b>	<b>\$ (225,109)</b>
<b>Annual Interest Earnings Rate<sup>4</sup></b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>

1. Beginning cash balances provided by District Staff.

2. The target ending balance is set equal to 90 days of O&M expenses.

3. The target ending balance is set equal to \$1 million

4. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2018-2022). The source is the California State Treasurer's website: <https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp>.

TABLE 3 : RESERVE FUND SUMMARY, cont.

SUMMARY OF CASH ACTIVITY	5-Year Projected Rate Period					Projected				
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Restricted Reserve:</b>										
<b>Capacity Fee Reserve</b>										
Beginning Reserve Balance	\$ 155,263	\$ 171,265	\$ 173,472	\$ 175,708	\$ 177,973	\$ 180,267	\$ 182,591	\$ 184,944	\$ 187,328	\$ 189,743
Plus: Interest Earnings	2,001	2,208	2,236	2,265	2,294	2,324	2,354	2,384	2,415	2,446
Plus: Capacity Fee Revenue <sup>1</sup>	14,000	-	-	-	-	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-
<b>Ending Connection Fee Fund Balance</b>	<b>\$ 171,265</b>	<b>\$ 173,472</b>	<b>\$ 175,708</b>	<b>\$ 177,973</b>	<b>\$ 180,267</b>	<b>\$ 182,591</b>	<b>\$ 184,944</b>	<b>\$ 187,328</b>	<b>\$ 189,743</b>	<b>\$ 192,189</b>
<b>Target Ending Balance (\$1 million)<sup>3</sup></b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
<b>Annual Interest Earnings Rate<sup>3</sup></b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>

1. Capacity fee revenue provided by District Staff.

2. The target ending balance is set equal to 3% of net capital assets. See Exhibit 2 (CIP) for details.

3. Historical interest earning rates are per the average annual yields for funds invested in LAIF (2017-2021). The source is the California State Treasurer's website: <https://www.treasurer.ca.gov/pmia-laif/historical/annual.asp>.

CHART 1

## Water Revenue Requirements vs. Revenue Under Existing and Increased Rates

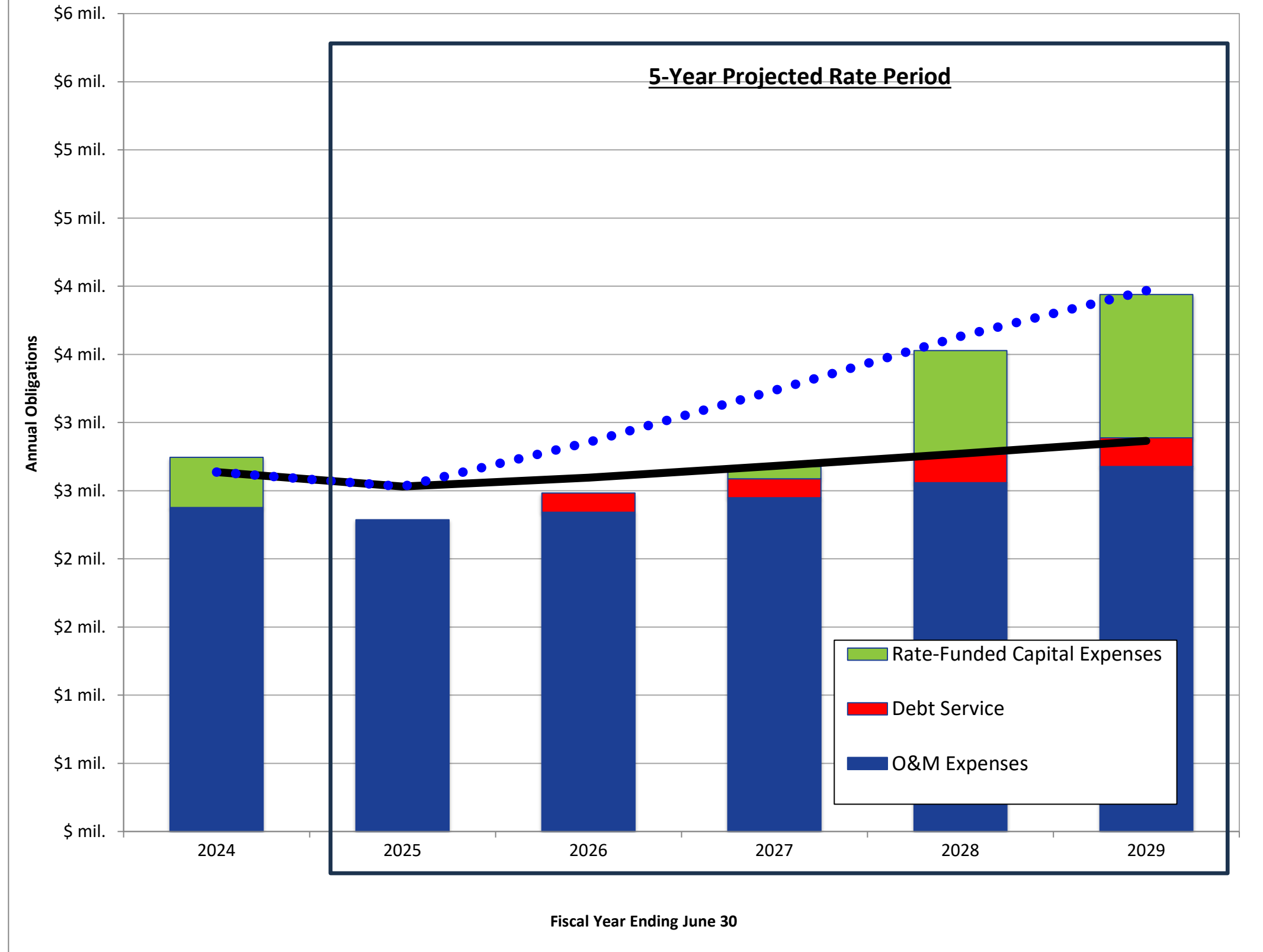


CHART 2

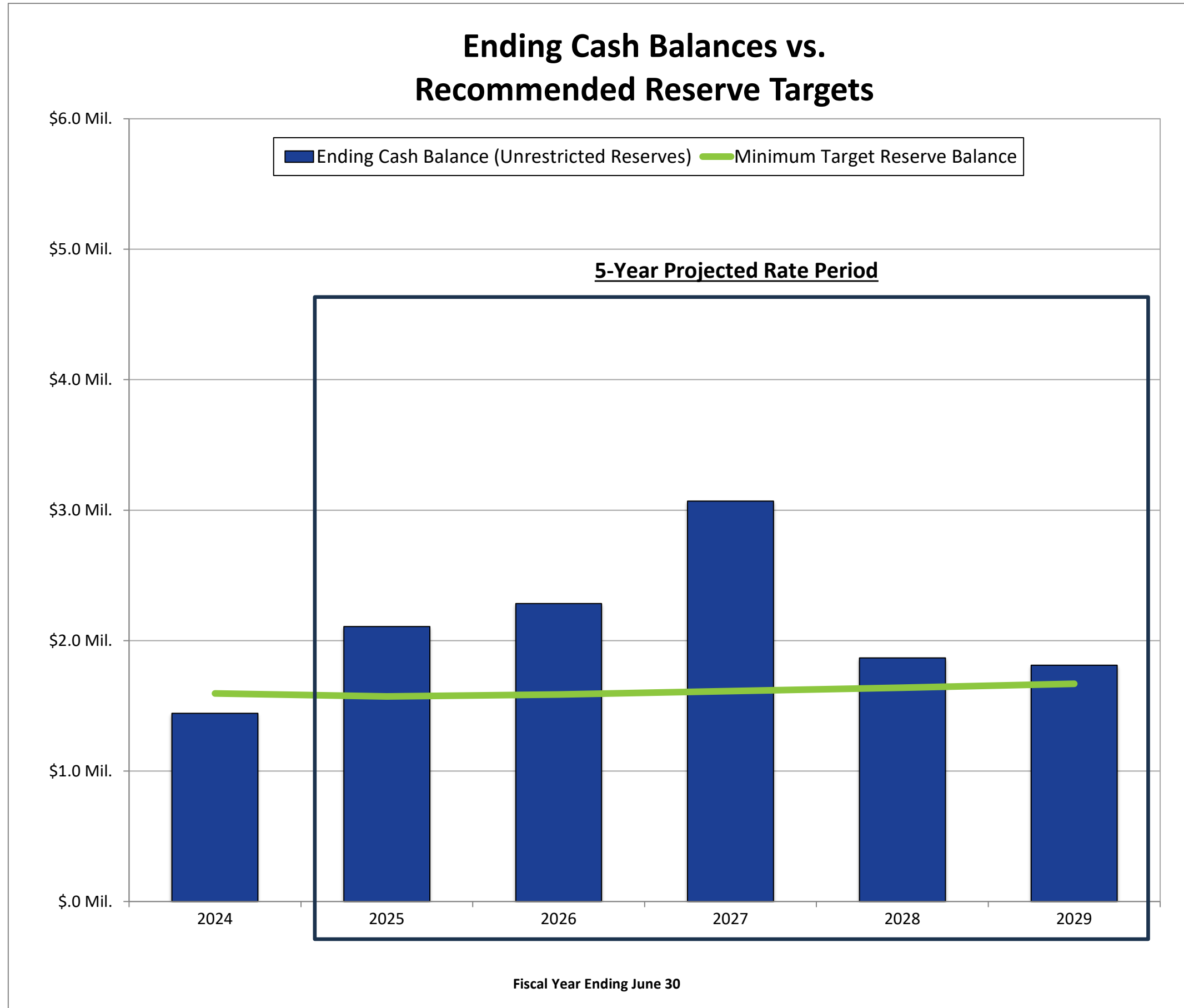




CHART 3

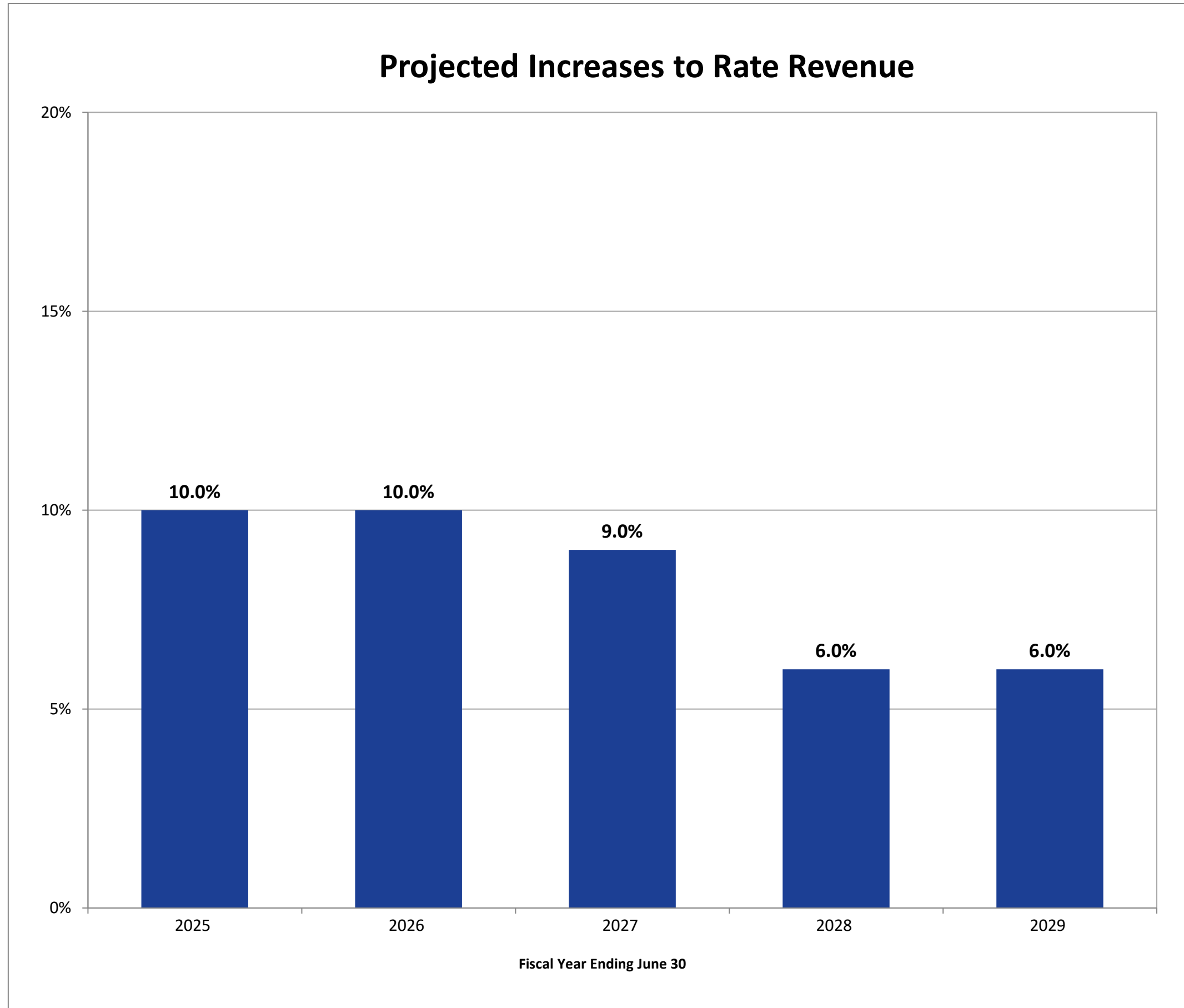


CHART 4

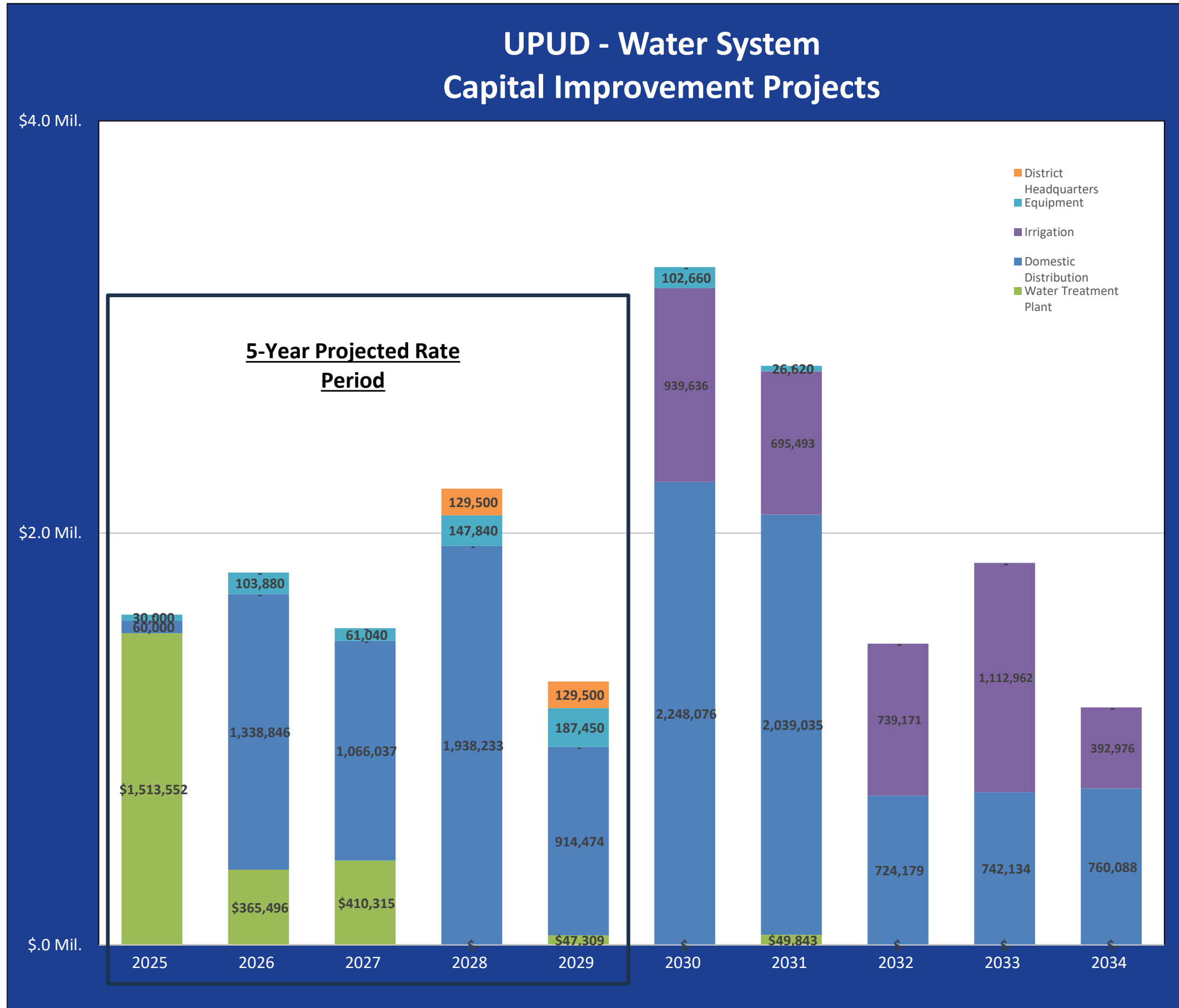


TABLE 4 : REVENUE FORECAST <sup>1</sup>

DESCRIPTION	Basis	Actual	Actual	Budget	5-Year Projected Rate Period					Projected				
		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Operating Revenue</b>														
<b>Water Sales</b>														
Domestic & Irrigation	1	\$ 2,027,000			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Domestic	1		1,830,000	1,583,114	\$1,741,425	\$ 1,776,254	\$ 1,811,779	\$ 1,848,014	\$ 1,884,974	\$ 1,922,674	\$ 1,961,127	\$ 2,000,350	\$ 2,040,357	\$ 2,081,164
Irrigation	1		132,000	180,000	\$147,000	\$ 149,940	\$ 152,939	\$ 155,998	\$ 159,118	\$ 162,300	\$ 165,546	\$ 168,857	\$ 172,234	\$ 175,679
Utica Conveyance Fees	9			370,000	\$370,000	\$ 407,000	\$ 447,700	\$ 492,470	\$ 541,717	\$ 595,889	\$ 655,478	\$ 721,025	\$ 793,128	\$ 872,441
Utica Irrigation Water Sales	9		163	163	\$157	\$ 173	\$ 190	\$ 209	\$ 230	\$ 253	\$ 278	\$ 306	\$ 337	\$ 370
Other Water Related	1													
Hydrant meters	1		2,000	2,000	\$ 2,000	\$ 2,040	\$ 2,081	\$ 2,122	\$ 2,165	\$ 2,208	\$ 2,252	\$ 2,297	\$ 2,343	\$ 2,390
Penalties	1		22,500	10,000	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951
Other - Water related	1		7,000	5,000	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	\$ 5,520	\$ 5,631	\$ 5,743	\$ 5,858	\$ 5,975
Meter Reset Fees	1	3,000	1,000	1,000	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082	\$ 1,104	\$ 1,126	\$ 1,149	\$ 1,172	\$ 1,195
<b>Connection Fees</b>														
Domestic	See FP	84,000	98,000	56,000	14,000									
Irrigation	See FP	15,000	-	-	-									
<b>Non-Operating Revenue</b>														
Sale of Assets	1	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Oper Income(CV Autogate (offsets exp in 01	1	1,500	7,100	1,500	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 1,689	\$ 1,723	\$ 1,757	\$ 1,793
Interest Earned (LAIF & Bank Accts)	1	35,000	57,000	110,000	\$ 70,000	\$ 71,400	\$ 72,828	\$ 74,285	\$ 75,770	\$ 77,286	\$ 78,831	\$ 80,408	\$ 82,016	\$ 83,656
Taxes	1	123,000	145,000	165,000	\$ 165,000	\$ 168,300	\$ 171,666	\$ 175,099	\$ 178,601	\$ 182,173	\$ 185,817	\$ 189,533	\$ 193,324	\$ 197,190
Insurance Refunds	1	-	11,142	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Garage Rentals	1	1,200	1,200	1,200	\$ 1,200	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,299	\$ 1,325	\$ 1,351	\$ 1,378	\$ 1,406	\$ 1,434
NCPA Facilities Use Agreement	1	2,500	2,500	2,500	\$ 2,500	\$ 2,550	\$ 2,601	\$ 2,653	\$ 2,706	\$ 2,760	\$ 2,815	\$ 2,872	\$ 2,929	\$ 2,988
Forest Meadows-Div.Wtr	1	50	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Income	1	-	38,500	150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Proceeds	1	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Emergency Reserve	See FP				\$ 725,300									
Transfer from Irrigation Reserve	See FP				\$ 75,000									
Transfer from Utica Reserve	See FP													
Transfer from Operations Reserve	See FP	150,000	150,000	300,000	\$ 746,000									
Transfer from Capital Reserve	See FP				\$ -									
<b>TOTAL: REVENUE</b>		\$ 2,292,250	\$ 2,355,105	\$ 2,637,477	\$ 2,530,782	\$ 2,596,730	\$ 2,681,239	\$ 2,770,695	\$ 2,865,523	\$ 2,966,189	\$ 3,073,204	\$ 3,187,129	\$ 3,308,578	\$ 3,438,226

TABLE 5 : REVENUE SUMMARY

DESCRIPTION	Basis	Actual	Actual	Budget	5-Year Projected Rate Period					Projected				
		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
Water Sales		\$ 2,030,000	\$ 1,994,663	\$ 2,151,277	\$ 2,276,582	\$ 2,351,726	\$ 2,431,335	\$ 2,515,792	\$ 2,605,523	\$ 2,700,989	\$ 2,802,700	\$ 2,911,214	\$ 3,027,145	\$ 3,151,165
Connection Fees		99,000	98,000	56,000	14,000	-	-	-	-	-	-	-	-	-
Non-Operating Revenue		163,250	262,442	430,200	240,200	245,004	249,904	254,902	260,000	265,200	270,504	275,914	281,433	287,061
<b>TOTAL: REVENUE</b>		\$ 2,292,250	\$ 2,355,105	\$ 2,637,477	\$ 2,530,782	\$ 2,596,730	\$ 2,681,239	\$ 2,770,695	\$ 2,865,523	\$ 2,966,189	\$ 3,073,204	\$ 3,187,129	\$ 3,308,578	\$ 3,438,226

TABLE 6 : OPERATING EXPENSE FORECAST<sup>1</sup>

DESCRIPTION	Basis	Actual	Actual	Budget	5-Year Projected Rate Period					Projected				
		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Water Purchased</b>														
Utica Fees	9	\$ 41,906	\$ 490,000		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UPUD Contribution	9			290,000	370,000	407,000	447,700	492,470	541,717	595,889	655,478	721,025	793,128	872,441
Utica Reserve	9			80,000	-	-	-	-	-	-	-	-	-	-
<b>Treatment</b>														
Labor	3	75,000	83,991	86,300	88,798	91,480	94,243	97,089	100,021	103,042	106,154	109,359	112,662	116,064
Overtime	3	5,000	4,256	20,000	20,900	21,531	22,181	22,851	23,541	24,252	24,985	25,739	26,517	27,317
On-Call	3	17,880	18,000	10,494	10,966	11,297	11,639	11,990	12,352	12,725	13,110	13,505	13,913	14,333
WT Cert Bonus	3	1,500	1,500	500	500	515	531	547	563	580	598	616	634	654
Temp Labor	3	7,000	1,000	-	-	-	-	-	-	-	-	-	-	-
FICA/Medicare (6.2%/1.45% Emplr)	3	8,100	8,500	9,200	9,500	9,787	10,082	10,387	10,701	11,024	11,357	11,700	12,053	12,417
Repairs & Maintenance	3	5,000	5,000	5,000	5,000	5,151	5,307	5,467	5,632	5,802	5,977	6,158	6,344	6,535
Equipment Repairs	3	3,500	7,500	7,500	7,500	7,727	7,960	8,200	8,448	8,703	8,966	9,237	9,516	9,803
Supplies	2	45,000	85,000	75,000	75,000	77,588	80,264	83,033	85,898	88,862	91,927	95,099	98,380	101,774
Capital Expenditures/Equipment Purchases	Exh. 2													
Equipment Rental	2	2,000	2,300	2,500	2,500	2,586	2,675	2,768	2,863	2,962	3,064	3,170	3,279	3,392
Uniforms	2	250	500	500	600	621	642	664	687	711	735	761	787	814
Water Analysis	2	20,000	22,000	22,000	22,000	22,759	23,544	24,356	25,197	26,066	26,965	27,896	28,858	29,854
Other	2	500	500	-	-	-	-	-	-	-	-	-	-	-
Equipment Purchase to \$999	Exh. 3	1,000	5,000	8,000	8,000	-	-	-	-	-	-	-	-	-
Education	Exh. 3	1,000	1,000	1,500	2,500	-	-	-	-	-	-	-	-	-
Autogate Expense - Crestview	2	1,600	1,000	1,500	1,500	1,552	1,605	1,661	1,718	1,777	1,839	1,902	1,968	2,035
Health Insurance - PEMCHA - Retiree FT	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Health Insurance	2	33,000	40,135	44,000	40,035	41,416	42,845	44,323	45,852	47,434	49,070	50,763	52,515	54,326
Worker's Comp	2	5,500	4,160	4,150	4,535	4,691	4,853	5,020	5,194	5,373	5,558	5,750	5,948	6,153
CalPERS Contributions(Employer & Employee Cor	2	18,500	20,000	20,000	20,344	21,046	21,772	22,523	23,300	24,104	24,936	25,796	26,686	27,607
Travel & Mileage	7	300	500	500	1,000	1,071	1,147	1,228	1,315	1,408	1,507	1,614	1,728	1,851
Telephone	2	4,000	3,500	3,500	3,500	3,621	3,746	3,875	4,009	4,147	4,290	4,438	4,591	4,749
Professional Services - Engineer	2	-	-	10,000	15,000	15,518	16,053	16,607	17,180	17,772	18,385	19,020	19,676	20,355
Professional Services - Other	2	9,500	9,075	9,500	20,000	20,690	21,404	22,142	22,906	23,696	24,514	25,360	26,235	27,140
<b>Domestic Distribution</b>														
Labor	3	215,000	243,833	269,000	273,045	281,291	289,786	298,537	307,553	316,841	326,410	336,267	346,423	356,885
Overtime	3	6,700	8,000	4,000	5,000	5,151	5,307	5,467	5,632	5,802	5,977	6,158	6,344	6,535
On-Call	3	10,920	11,500	10,494	10,966	11,297	11,639	11,990	12,352	12,725	13,110	13,505	13,913	14,333
TD Cert Bonus	3	500	1,000	1,500	1,000	1,030	1,061	1,093	1,126	1,160	1,195	1,232	1,269	1,307
Temp Labor	3	2,000	1,000	-	15,000	15,453	15,920	16,400	16,896	17,406	17,932	18,473	19,031	19,606
FICA/Medicare (6.2%/1.45% Emplr)	3	18,000	24,000	22,000	20,064	20,670	21,294	21,937	22,600	23,282	23,985	24,710	25,456	26,225
Repairs & Maintenance	2	2,000	2,000	5,000	8,000	8,276	8,562	8,857	9,162	9,479	9,806	10,144	10,494	10,856
Equipment Repairs	2	7,500	7,500	7,500	6,000	6,207	6,421	6,643	6,872	7,109	7,354	7,608	7,870	8,142
Supplies	2	20,000	30,000	30,000	24,000	24,828	25,685	26,571	27,487	28,436	29,417	30,432	31,481	32,568
Utilities	5	5,000	5,800	5,800	4,640	5,143	5,701	6,319	7,004	7,763	8,604	9,537	10,571	11,717
Capital Expenditures/Equipment Purchases	Exh. 2													
Memberships	2	500	4,500	4,500	3,680	3,807	3,938	4,074	4,215	4,360	4,511	4,666	4,827	4,994
Permits	2	250	140	500	500	517	535	554	573	592	613	634	656	678
Equipment Rental	2	2,000	2,000	2,500	2,500	2,586	2,675	2,768	2,863	2,962	3,064	3,170	3,279	3,392
Uniforms	2	750	2,000	2,000	2,000	2,069	2,140	2,214	2,291	2,370	2,451	2,536	2,623	2,714
Gas, Oil & Fuel	7	15,000	24,000	24,000	19,200	20,559	22,014	23,572	25,241	27,028	28,941	30,989	33,183	35,532
Other	2	200	-	-	-	-	-	-	-	-	-	-	-	-
Equipment (to \$999)	2	1,250	3,000	3,000	4,000	4,138	4,281	4,428	4,581	4,739	4,903	5,072	5,247	5,428
Education & Training	2	1,000	5,000	2,500	5,200	5,379	5,565	5,757	5,956	6,161	6,374	6,594	6,821	7,056
Health Insurance	2	82,000	146,000	120,000	113,414	117,326	121,374	125,561	129,893	134,375	139,011	143,806	148,768	153,900
Worker's Comp	2	17,000	10,500	12,400	11,567	11,966	12,379	12,806	13,247	13,704	14,177	14,666	15,172	15,696
Unemployment	2	-	-	-	-	-	-	-	-	-	-	-	-	-
CalPERS Contributions(Employer & Employee Cor	2	48,000	48,000	57,500	44,185	45,709	47,286	48,917	50,605	52,351	54,157	56,026	57,958	59,958
Travel & Mileage	7	150	300	300	800	857	917	982	1,052	1,126	1,206	1,291	1,383	1,480
Telephone	2	6,500	5,000	5,500	4,400	4,552	4,709	4,871	5,039	5,213	5,393	5,579	5,772	5,971
Professional Services - Engineer	2	75,000	65,000	65,000	56,000	57,932	59,931	61,998	64,137	66,350	68,639	71,007	73,457	75,991
Professional Services - Other	2	18,000	22,000	12,000	30,000	31,035	32,106	33,213	34,359	35,545	36,771	38,039	39,352	40,709
<b>Irrigation Distribution</b>														
Labor	3	-	-	-	68,262	70,323	72,447	74,635	76,889	79,211	81,603	84,067	86,606	89,222
Overtime	3	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Call	3	-	-	-	-	-	-	-	-	-	-	-	-	-
TD Cert Bonus	3	-	-	-	-	-	-	-	-	-	-	-	-	-
Temp Labor	3	-	-	-	-	-	-	-	-	-	-	-	-	-
FICA/Medicare (6.2%/1.45% Emplr)	3	-	-	-	5,016	5,167	5,324	5,484	5,650	5,821	5,996	6,177	6,364	6,556
Repairs & Maintenance	2	-	-	-	2,000	2,069	2,140	2,214	2,291	2,370	2,451	2,536	2,623	2,714
Equipment Repairs	2	-	-	-	1,500	1,552	1,605	1,661	1,718	1,777	1,839	1,902	1,968	2,035
Supplies	2	-	-	-	6,000	6,207	6,421	6,643	6,872	7,109	7,354	7,608	7,870	8,142
Utilities	2	-	-	-	1,160	1,200	1,241	1,284	1,329	1,374	1,422	1,471	1,522	1,574
Capital Expenditures/Equipment Purchases	Exh. 2													
Memberships	2	-	-	-	900	931	963	996	1,031	1,066	1,103	1,141	1,181	1,221

Union Public Utility District  
**WATER RATE STUDY**  
**Operating Revenue and Expenses**

Exhibit 1 - O&M

Preliminary Draft Subject to Material Revision, Do Not Cite or Distribute

Permits	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Rental	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uniforms	2	-	-	-	500	517	535	554	573	592	613	634	656	678	
Gas, Oil & Fuel	7	-	-	-	4,800	5,140	5,504	5,893	6,310	6,757	7,235	7,747	8,296	8,883	
Equipment (to \$999)	2	-	-	-	600	621	642	664	687	711	735	761	787	814	
Education & Training	2	-	-	-	1,300	1,345	1,391	1,439	1,489	1,540	1,593	1,648	1,705	1,764	
Health Insurance	2	-	-	-	28,353	29,332	30,344	31,390	32,473	33,594	34,753	35,952	37,192	38,475	
Worker's Comp	3	-	-	-	2,892	2,979	3,069	3,162	3,257	3,355	3,457	3,561	3,669	3,780	
CalPERS Contributions(Employer & Employee Cor	3	-	-	-	11,046	11,380	11,723	12,078	12,442	12,818	13,205	13,604	14,015	14,438	
Travel & Mileage	7	-	-	-	100	107	115	123	131	141	151	161	173	185	
Telephone	2	-	-	-	1,100	1,138	1,177	1,218	1,260	1,303	1,348	1,395	1,443	1,493	
Professional Services - Engineer	2	-	-	-	14,000	14,483	14,983	15,500	16,034	16,587	17,160	17,752	18,364	18,998	
Professional Services - Other	2	-	-	-	15,000	15,518	16,053	16,607	17,180	17,772	18,385	19,020	19,676	20,355	
<b>Administration &amp; General</b>															
Labor	3	78,000	295,000	339,080	299,998	309,058	318,392	328,007	337,913	348,118	358,631	369,462	380,620	392,114	
Overtime	3	6,000	4,500	1,000	1,000	1,030	1,061	1,093	1,126	1,160	1,195	1,232	1,269	1,307	
FICA/Medicare	3	8,000	24,000	27,000	22,950	23,643	24,357	25,093	25,850	26,631	27,435	28,264	29,117	29,997	
Repairs & Maintenance	2	1,000	5,000	5,000	10,000	10,345	10,702	11,071	11,453	11,848	12,257	12,680	13,117	13,570	
Equipment Repairs	2	300	500	500	500	517	535	554	573	592	613	634	656	678	
Office & Billing Supplies	2	10,000	5,000	5,000	5,000	5,173	5,351	5,536	5,727	5,924	6,128	6,340	6,559	6,785	
Copier Expense	2	5,000	3,700	3,700	3,700	3,828	3,960	4,096	4,238	4,384	4,535	4,692	4,853	5,021	
Utilities	2	3,500	2,500	4,500	4,500	4,655	4,816	4,982	5,154	5,332	5,516	5,706	5,903	6,106	
Capital Expenditures/Equipment Purchases	Exh. 2														
Memberships	2	3,000	19,000	22,000	23,000	23,794	24,614	25,464	26,342	27,251	28,191	29,164	30,170	31,211	
Permits & Fees	2	1,500	200	800	200	207	214	221	229	237	245	254	262	271	
Equipment Rental	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
Uniforms	2	-	-	500	500	517	535	554	573	592	613	634	656	678	
Postage	2	10,000	8,500	8,500	8,200	8,483	8,776	9,078	9,392	9,716	10,051	10,397	10,756	11,127	
Banking Fees	2	15,000	18,000	30,000	2,000	2,069	2,140	2,214	2,291	2,370	2,451	2,536	2,623	2,714	
Customer Transaction Fees	2	-	-	-	2,000	-	-	-	-	-	-	-	-	-	
other	2	500	-	-	-	-	-	-	-	-	-	-	-	-	
Equipment (to \$999)	2	2,000	2,500	5,000	5,000	5,173	5,351	5,536	5,727	5,924	6,128	6,340	6,559	6,785	
Education & Training	2	2,000	6,000	1,500	6,000	6,207	6,421	6,643	6,872	7,109	7,354	7,608	7,870	8,142	
Late Fees	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health Insurance	2	26,000	83,000	72,500	45,982	47,569	49,210	50,908	52,664	54,481	56,360	58,305	60,316	62,397	
Worker's Comp	2	675	6,250	950	1,350	1,397	1,445	1,495	1,546	1,599	1,655	1,712	1,771	1,832	
General Insurance	2	25,000	25,000	25,000	25,000	25,863	26,755	27,678	28,633	29,621	30,642	31,700	32,793	33,925	
Unemployment	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
CalPERS Contributions(Employer & Employee Cor	2	20,000	47,500	75,000	37,450	38,742	40,079	41,461	42,892	44,372	45,902	47,486	49,124	50,819	
Travel & Mileage	2	1,000	1,300	10,000	12,000	12,414	12,842	13,285	13,744	14,218	14,708	15,216	15,741	16,284	
Telephone	2	4,000	3,500	3,500	4,000	4,138	4,281	4,428	4,581	4,739	4,903	5,072	5,247	5,428	
Professional Services - Engineer	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Services - Legal	2	3,000	30,000	140,000	30,000	31,035	32,106	33,213	34,359	35,545	36,771	38,039	39,352	40,709	
Professional Services - Accounting	2	10,000	9,700	10,400	20,000	20,690	21,404	22,142	22,906	23,696	24,514	25,360	26,235	27,140	
Professional Services - Other	2	25,000	50,000	31,000	25,000	25,863	26,755	27,678	28,633	29,621	30,642	31,700	32,793	33,925	
Professional Services - IT	2	-	18,000	20,809	20,800	21,518	22,260	23,028	23,822	24,644	25,494	26,374	27,284	28,225	
Professional Services - Software	2	-	-	35,000	30,000	31,035	32,106	33,213	34,359	35,545	36,771	38,039	39,352	40,709	
Communicatons	2	-	-	5,000	5,000	5,173	5,351	5,536	5,727	5,924	6,128	6,340	6,559	6,785	
Election Expense	2	1,000	-	-	-	-	-	-	-	-	-	-	-	-	
Bad Debts	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contingencies	2	388,289	150,000	42,600	-	-	-	-	-	-	-	-	-	-	
<b>Non-Operating Expenses</b>	2	1,843	-	-	5,000	5,173	5,351	5,536	5,727	5,924	6,128	6,340	6,559	6,785	
<b>SUBTOTAL: WATER SYSTEM EXPENSES</b>		\$ 1,550,363	\$ 2,375,140	\$ 2,377,477	\$ 2,286,498	\$ 2,343,152	\$ 2,448,140	\$ 2,559,411	\$ 2,677,453	\$ 2,802,801	\$ 2,936,037	\$ 3,077,796	\$ 3,228,772	\$ 3,389,722	
<b>GRAND TOTAL: WATER EXPENSES</b>		\$ 1,550,363	\$ 2,375,140	\$ 2,377,477	\$ 2,286,498	\$ 2,343,152	\$ 2,448,140	\$ 2,559,411	\$ 2,677,453	\$ 2,802,801	\$ 2,936,037	\$ 3,077,796	\$ 3,228,772	\$ 3,389,722	

**TABLE 7 : FORECASTING ASSUMPTIONS**

INFLATION FACTORS <sup>3</sup>	Basis	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Customer Growth <sup>4</sup>	1	--	--	--	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
General Cost Inflation <sup>5</sup>	2	--	--	--	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%
Labor Cost Inflation <sup>6</sup>	3	--	--	--	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%
Chemicals <sup>7</sup>	4	--	--	--	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%
Energy <sup>8</sup>	5	--	--	--	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%	10.84%
Electricity <sup>9</sup>	6	--	--	--	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%
Fuel & Utilities <sup>10</sup>	7	--	--	--	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%	7.08%
Construction Cost Inflation <sup>11</sup>	8	--	--	--	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
UPWA Inflation	9	--	--	--	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
No Escalation	10	--	--	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- Revenue and expenses for FY 2021/22 through FY 2023/24 provided by the District. Revenues and expenses for all other years are escalated based on the forecasting assumptions in Table 8.
- Capacity fee revenue is based on the Budget provided by District staff.
- Expenses are inflated each year by the following annual inflation factor categories.
- Customer growth is based on the population projections provided by the District.
- General cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.
- Labor cost inflation is based on the 10-year average annual change in the Quarterly Census of Employment and Wages for San Francisco County, CA.
- Chemical cost inflation is based on the 5-year average annual change in the Producer Price Index for Chemical Manufacturing.
- Energy cost inflation is based on the 5-year average annual change in the Consumer Price Index for all Urban Consumers in the San Francisco-Oakland-Hayward, CA area.
- Electricity cost inflation is based on the 5-year average change in the Consumer Price Index for San Francisco County.
- Fuel & Utilities cost inflation is based on the 5-year average annual change in the Consumer Price Index - Average Price Data for Fuels and related products and power. This factor is used for utility costs other than electricity.
- Construction cost Inflation is the 10-year average change in the Construction Cost Index for 2012-2022. Source: Engineering News Record website (<http://enr.construction.com>).

TABLE 8 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Actual	Actual	Budget	5-Year Projected Rate Period					Projected				
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Funding Sources:</b>													
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-	-	-	-	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	\$57,252	\$1,442,748	\$750,000	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	-	-	1,546,300	365,474	698,391	1,457,613	226,464	142,077	14,721	13,080	13,059	13,058
Rate Revenue	-	-	367,630	-	-	89,001	757,960	1,052,269	3,148,295	2,796,270	1,450,270	1,842,037	1,140,006
<b>Total Sources of Capital Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 367,630</b>	<b>\$ 1,603,552</b>	<b>\$ 1,808,222</b>	<b>\$ 1,537,392</b>	<b>\$ 2,215,573</b>	<b>\$ 1,278,733</b>	<b>\$ 3,290,372</b>	<b>\$ 2,810,991</b>	<b>\$ 1,463,350</b>	<b>\$ 1,855,096</b>	<b>\$ 1,153,064</b>
<b>Uses of Capital Funds:</b>													
Total Project Costs	\$ -	\$ -	\$ 367,630	\$ 1,603,552	\$ 1,808,222	\$ 1,537,392	\$ 2,215,573	\$ 1,278,733	\$ 3,290,372	\$ 2,810,991	\$ 1,463,350	\$ 1,855,096	\$ 1,153,064
<b>Capital Funding Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SRF Loan Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>New Revenue Bond Proceeds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,500,000</b>	<b>\$ -</b>	<b>\$750,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TABLE 9 : CAPITAL IMPROVEMENT PROGRAM FUNDING OPTIONS

Policy Choice	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
1 Alternative 1 - Full Funding of CIP	\$ -	\$ -	\$ 367,630	\$ 1,603,552	\$ 1,808,222	\$ 1,537,392	\$ 2,215,573	\$ 1,278,733	\$ 3,290,372	\$ 2,810,991	\$ 1,463,350	\$ 1,855,096	\$ 1,153,064
2 Alternative 2 - 75% Funding of CIP	\$ -	\$ -	\$ 275,723	\$ 1,202,664	\$ 1,356,167	\$ 1,153,044	\$ 1,661,680	\$ 959,050	\$ 2,467,779	\$ 2,108,243	\$ 1,097,513	\$ 1,391,322	\$ 864,798
3 Alternative 3 - 50% Funding of CIP	\$ -	\$ -	\$ 183,815	\$ 801,776	\$ 904,111	\$ 768,696	\$ 1,107,787	\$ 639,367	\$ 1,645,186	\$ 1,405,496	\$ 731,675	\$ 927,548	\$ 576,532

Insert policy choice in box to right, based on options listed above:

Capital Improvement Program Funding Choice	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
Effective Annual Funding Amount	\$ -	\$ -	\$ 367,630	\$ 1,603,552	\$ 1,808,222	\$ 1,537,392	\$ 2,215,573	\$ 1,278,733	\$ 3,290,372	\$ 2,810,991	\$ 1,463,350	\$ 1,855,096	\$ 1,153,064

*Preliminary Draft Subject to Material Revision, Do Not Cite or Distribute*

CAPITAL IMPROVEMENT PROGRAM

TABLE 10: CAPITAL IMPROVEMENT PROGRAM COSTS (in Current-Year Dollars)<sup>1</sup>

Project #	Project Description <sup>2</sup>	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<i>Water Treatment Plant</i>														
1A	Tules problem Cadematori removal vegetation late fall				\$42,240		\$44,774		\$47,309		\$49,843			
1B	Electrical Service Upgrade at WTP			\$15,000	\$725,312									
1C	Coat & re-coat filters (3 ea)				\$283,000									
1D	Replace filter media and service wash				\$463,000									
1E	Paint / Coat Storage Tanks					\$355,196	\$365,541							
1F	Backwash Project (delay until grant funding)													
1G	Surveillance System at WTP and Corp Yard					\$10,300								
<b>Subtotal: Water Treatment Plant Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ 15,000	\$ 1,513,552	\$ 365,496	\$ 410,315	\$ -	\$ 47,309	\$ -	\$ 49,843	\$ -	\$ -	\$ -
<i>Domestic Distribution</i>														
2	Paint / Coat Storage Tanks					\$355,196		\$751,773		\$386,232				
2A	Rebuild 13 ea Pressure Reducing Valve Stations, piping, valves, lids					\$224,540	\$231,080	\$237,620	\$244,160	\$250,700	\$385,860			
2B.1	6" Pipe, Vallecito Bypass to Hwy 4 Existing Main						\$83,952.00							
2B.2	6" Pipe, Algiers Street - Church St. to Gold Street, Murphys						\$116,600.00							
2B.3	2.5" Pipe, Tanner Street, Murphys					\$22,660								
2C.1	8" Pipe, Coyote Dr, Sheet 5													
2C.2	12" Pipe, N Hwy 4, Sheet 1													
2C.3	8" Pipe, Apple Blossom Dr, Sheet 1/2													
2C.4	6" Pipe, S Algiers St, Sheet 3													
2C.5	6" Pipe, Main St, Sheet 4													
2C.6	6" Pipe, Woodland Dr, Sheet 4													
2C.7	6" Pipe, Woodland Dr, Sheet 4													
2C.8	6" Pipe, Watkins St, Sheet 4													
2C.9	8" Pipe, Fair Oaks Ln / Allen Ln, Sheets 4/7													
2C.10	8" Pipe, Green Meadow Ct, Sheet 6													
2D.1	10" Pipe, S Hwy 4, Sheet 7													
2D.2	10" Pipe, S Hwy 4 / Main St, Sheet 8													
2D.3	10" Pipe, S Hwy 4, Sheet 9													
2D.4	10" Pipe, Hwy 4 / Vallecito Bypass Rd, Sheet 10													
2D.5	8" Pipe, Red Hill Rd / Poag Rd, Sheet 10													
2D.6	8" Pipe, Church St / Angels Rd, Sheet 10													
2D.7	10" Pipe, Hwy 4 / Main St / Church St, Sheet 10													
2E	Replace wharf hydrants					\$532,793	\$548,312	\$563,830	\$579,348	\$594,866	\$610,385	\$625,903	\$641,421	\$656,939
2F	Add mixer at Eltringham Water Tank													
2G	New Hydrants													
2H	Add remote read meter & meter box									\$922,875	\$946,950			
2I	Meter software and hardware for automatic meter reading													
2J	Replacement of all galvanized water service lines					\$83,657	\$86,093	\$88,530	\$90,966	\$93,403	\$95,840	\$98,276	\$100,713	\$103,149
2K	SCADA upgrades (tank level monitoring)							\$296,480						
2L	Monge Ranch Bridge Utility Relocation			\$254,630										
2M	Water Master Plan				\$60,000	\$120,000								
<b>Subtotal: Domestic Distribution Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ 254,630	\$ 60,000	\$ 1,338,846	\$ 1,066,037	\$ 1,938,233	\$ 914,474	\$ 2,248,076	\$ 2,039,035	\$ 724,179	\$ 742,134	\$ 760,088



TABLE 11 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Current-Year Dollars)<sup>1</sup>

Project #	Project Description <sup>2</sup>	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Irrigation</b>														
3A.1	6" pipe, Church Street to Coyote Creek Road												\$340,022	
3A.2	6" pipe, Coyote Creek Rd. to end of Main, Vallecito											\$399,149		
3A.3	12" pipe, Carson Hill - Association Res. To Exist. 8" ACP Main										\$178,800			
3A.4	12" pipe, Mosbaugh Irr. Service to PRV Station													\$145,847
3B.1	12" pipe, Main St. DF & Hwy 4 East End to Main St. DF and Hwy 4 West End												\$1,112,962	
3B.2	12" pipe, Hatcher Winery to Batten Rd									\$939,636				
3C.1	12" pipe, Chlorine Building to Stephens Reservoir													\$247,129
3C.2	12" pipe, Seibel Reservoir to Penn Gulch Rd													
3C.3	12" pipe, Penn Gulch Rd to end of Green Meadow Ct.													
3C.4	12" pipe, End of Green Meadow Court to Hwy 4													
3C.5	6" pipe, Angels Road, Vallecito										\$81,273			
3D	Upgrade and increase hydrants													
3E	AMR/AMI													
3F	Siebel Reservoir: repair drain and outlet slide gates										\$128,620			
3G	Stephens Reservoir: repair slide gate										\$88,500			
3H	Association Reservoir: sediment removal & replace head gate valves										\$218,300			
<b>Subtotal: Irrigation Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,636	\$ 695,493	\$ 739,171	\$ 1,112,962	\$ 392,976
<b>Equipment</b>														
4A	F550 4x4 dump bed (upgrade 1970's truck)	-	-			\$103,880								
4B	F150 Pickup							\$147,840						
4C	F250 / F350 full box (Utility Truck)	-	-	\$86,000										
4D	Air compressor, gas/diesel (180 cfm)						\$30,520							
4E	Vac Trailer	-	-	\$12,000	\$30,000									
4F	Bumper Pull Dump Trailer						\$30,520							
4G	Mini Excavator	-	-					\$187,450						
4H	Skid Steer								\$102,660					
4I	Side by Side 4x4	-	-								\$26,620			
<b>Subtotal: Equipment Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ 98,000	\$ 30,000	\$ 103,880	\$ 61,040	\$ 147,840	\$ 187,450	\$ 102,660	\$ 26,620	\$ -	\$ -	\$ -
<b>District Headquarters</b>														
	Roof replacement & Electrical Upgrades	-	-					\$129,500.00	\$129,500.00	-	-	-	-	-
<b>Subtotal: District Headquarters Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,500	\$ 129,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: CIP Program Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ 367,630	\$ 1,603,552	\$ 1,808,222	\$ 1,537,392	\$ 2,215,573	\$ 1,278,733	\$ 3,290,372	\$ 2,810,991	\$ 1,463,350	\$ 1,855,096	\$ 1,153,064

TABLE 12: CAPITAL IMPROVEMENT PROGRAM COSTS (in Future-Year Dollars)<sup>3</sup>

Project Description	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Water Treatment Plant</b>													
1A Tules problem Cadematori removal vegetation late fall	\$ -	\$ -	\$ -	\$ 42,240	\$ -	\$ 44,774	\$ -	\$ 47,309	\$ -	\$ 49,843	\$ -	\$ -	\$ -
1B Electrical Service Upgrade at WTP	\$ -	\$ -	\$ 15,000	\$ 725,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1C Coat & re-coat filters (3 ea)	\$ -	\$ -	\$ -	\$ 283,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1D Replace filter media and service wash	\$ -	\$ -	\$ -	\$ 463,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1E Paint / Coat Storage Tanks	\$ -	\$ -	\$ -	\$ -	\$ 355,196	\$ 365,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1F Backwash Project (delay until grant funding)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1G Surveillance System at WTP and Corp Yard	\$ -	\$ -	\$ -	\$ -	\$ 10,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal: Water Treatment Plant Costs (Future-Year Dollars)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,000</b>	<b>\$ 1,513,552</b>	<b>\$ 365,496</b>	<b>\$ 410,315</b>	<b>\$ -</b>	<b>\$ 47,309</b>	<b>\$ -</b>	<b>\$ 49,843</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Domestic Distribution</b>													
2 Paint / Coat Storage Tanks	-	-	-	-	355,196	-	751,773	-	386,232	-	-	-	-
2A Rebuild 13 ea Pressure Reducing Valve Stations, piping, valves, lids	-	-	-	-	224,540	231,080	237,620	244,160	250,700	385,860	-	-	-
2B.1 6" Pipe, Vallecito Bypass to Hwy 4 Existing Main	-	-	-	-	-	83,952	-	-	-	-	-	-	-
2B.2 6" Pipe, Algiers Street - Church St. to Gold Street, Murphys	-	-	-	-	-	116,600	-	-	-	-	-	-	-
2B.3 2.5" Pipe, Tanner Street, Murphys	-	-	-	-	22,660	-	-	-	-	-	-	-	-
2C.1 8" Pipe, Coyote Dr, Sheet 5	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.2 12" Pipe, N Hwy 4, Sheet 1	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.3 8" Pipe, Apple Blossom Dr, Sheet 1/2	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.4 6" Pipe, S Algiers St, Sheet 3	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.5 6" Pipe, Main St, Sheet 4	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.6 6" Pipe, Woodland Dr, Sheet 4	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.7 6" Pipe, Woodland Dr, Sheet 4	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.8 6" Pipe, Watkins St, Sheet 4	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.9 8" Pipe, Fair Oaks Ln / Allen Ln, Sheets 4/7	-	-	-	-	-	-	-	-	-	-	-	-	-
2C.10 8" Pipe, Green Meadow Ct, Sheet 6	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.1 10" Pipe, S Hwy 4, Sheet 7	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.2 10" Pipe, S Hwy 4 / Main St, Sheet 8	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.3 10" Pipe, S Hwy 4, Sheet 9	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.4 10" Pipe, Hwy 4 / Vallecito Bypass Rd, Sheet 10	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.5 8" Pipe, Red Hill Rd / Poag Rd, Sheet 10	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.6 8" Pipe, Church St / Angels Rd, Sheet 10	-	-	-	-	-	-	-	-	-	-	-	-	-
2D.7 10" Pipe, Hwy 4 / Main St / Church St, Sheet 10	-	-	-	-	-	-	-	-	-	-	-	-	-
2E Replace wharf hydrants	-	-	-	-	532,793	548,312	563,830	579,348	594,866	610,385	625,903	641,421	656,939
2F Add mixer at Eltringham Water Tank	-	-	-	-	-	-	-	-	-	-	-	-	-
2G New Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-
2H Add remote read meter & meter box	-	-	-	-	-	-	-	-	922,875	946,950	-	-	-
2I Meter software and hardware for automatic meter reading	-	-	-	-	-	-	-	-	-	-	-	-	-
2J Replacement of all galvanized water service lines	-	-	-	-	83,657	86,093	88,530	90,966	93,403	95,840	98,276	100,713	103,149
2K SCADA upgrades (tank level monitoring)	-	-	-	-	-	-	296,480	-	-	-	-	-	-
2L Monge Ranch Bridge Utility Relocation	-	-	254,630	-	-	-	-	-	-	-	-	-	-
2M Water Master Plan	-	-	-	60,000	120,000	-	-	-	-	-	-	-	-
<b>Subtotal: Domestic Distribution Costs (Future-Year Dollars)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 254,630</b>	<b>\$ 60,000</b>	<b>\$ 1,338,846</b>	<b>\$ 1,066,037</b>	<b>\$ 1,938,233</b>	<b>\$ 914,474</b>	<b>\$ 2,248,076</b>	<b>\$ 2,039,035</b>	<b>\$ 724,179</b>	<b>\$ 742,134</b>	<b>\$ 760,088</b>

TABLE 13 : CAPITAL IMPROVEMENT PROGRAM COSTS (in Future-Year Dollars)<sup>3</sup>

Project #	Project Description <sup>2</sup>	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
<b>Irrigation</b>														
3A.1	6" pipe, Church Street to Coyote Creek Road	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,022	\$ -	\$ -
3A.2	6" pipe, Coyote Creek Rd. to end of Main, Vallecito	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,149	\$ -	\$ -
3A.3	12" pipe, Carson Hill - Association Res. To Exist. 8" ACP Main	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,800	\$ -	\$ -	\$ -
3A.4	12" pipe, Mosbaugh Irr. Service to PRV Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,847
3B.1	12" pipe, Main St. DF & Hwy 4 East End to Main St. DF and Hwy 4 Wes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,112,962	\$ -
3B.2	12" pipe, Hatcher Winery to Batten Rd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,636	\$ -	\$ -	\$ -	\$ -
3C.1	12" pipe, Chlorine Building to Stephens Reservoir	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,129
3C.2	12" pipe, Seibel Reservoir to Penn Gulch Rd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3C.3	12" pipe, Penn Gulch Rd to end of Green Meadow Ct.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3C.4	12" pipe, End of Green Meadow Court to Hwy 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3C.5	6" pipe, Angels Road, Vallecito	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,273	\$ -	\$ -	\$ -
3D	Upgrade and increase hydrants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3E	AMR/AMI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3F	Siebel Reservoir: repair drain and outlet slide gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,620	\$ -	\$ -
3G	Stephens Reservoir: repair slide gate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,500	\$ -	\$ -
3H	Association Reservoir: sediment removal & replace head gate valves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,300	\$ -	\$ -	\$ -
<b>Subtotal: Irrigation Costs (Future-Year Dollars)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,636	\$ 695,493	\$ 739,171	\$ 1,112,962	\$ 392,976
<b>Equipment</b>														
4A	F550 4x4 dump bed (upgrade 1970's truck)	\$ -	\$ -	\$ -	\$ -	\$ 103,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4B	F150 Pickup	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4C	F250 / F350 full box (Utility Truck)	\$ -	\$ -	\$ 86,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4D	Air compressor, gas/diesel (180 cfm)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4E	Vac Trailer	\$ -	\$ -	\$ 12,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4F	Bumper Pull Dump Trailer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4G	Mini Excavator	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,450	\$ -	\$ -	\$ -	\$ -	\$ -
4H	Skid Steer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,660	\$ -	\$ -	\$ -	\$ -
4I	Side by Side 4x4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,620	\$ -	\$ -	\$ -
<b>Subtotal: Equipment Costs (Future-Year Dollars)</b>		\$ -	\$ -	\$ 98,000	\$ 30,000	\$ 103,880	\$ 61,040	\$ 147,840	\$ 187,450	\$ 102,660	\$ 26,620	\$ -	\$ -	\$ -
<b>District Headquarters</b>														
	Roof replacement & Electrical Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,500	\$ 129,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal: District Headquarters Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,500	\$ 129,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total: CIP Program Costs (Current-Year Dollars)</b>		\$ -	\$ -	\$ 367,630	\$ 1,603,552	\$ 1,808,222	\$ 1,537,392	\$ 2,215,573	\$ 1,278,733	\$ 3,290,372	\$ 2,810,991	\$ 1,463,350	\$ 1,855,096	\$ 1,153,064

TABLE 14: FORECASTING ASSUMPTIONS

Economic Variables	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
Annual Construction Cost Inflation, Per Engineering News Record <sup>4</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Construction Cost Multiplier from FY 2023/24	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

1. Capital project costs were provided by City Staff and assumes Year 1 begins in FY 2023/24.

3. The capital project costs have been inflated by District Staff in Current CIP Budget using the Construction Cost Index (See Table 13). Website: <http://enr.construction.com>.

4. For reference purposes, the annual Construction Cost Inflation percentage is the 5-year average change in the Construction Cost Index from 2017 to 2022 (3.91%). Source: Engineering News Record website (<http://enr.construction.com>).

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TABLE 15 : EXISTING DEBT OBLIGATIONS

EXISTING DEBT OBLIGATIONS	Actual		Budget	5-Year Projected Rate Period						Projected			
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
Annual Repayment Schedules:													
N/A													
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Annual Coverage Requirement</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total: Existing Debt Reserve Target</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

1  
2  
3  
4

TABLE 16 : EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY WATER RATES

Annual Obligations	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
Existing Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Annual Coverage Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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TABLE 17 : FUTURE DEBT FINANCING ASSUMPTIONS

Long-Term Debt Terms	State Revolving Fund Loan	Revenue Bonds
Issuance Cost	2.00%	2.00%
Annual Interest Cost (%)	3.00%	5.50%
Term	30	20
Debt Reserve Funded	No	Yes
Coverage Requirement (% above annual pmt)	120%	125%

TABLE 18 : FUTURE DEBT OBLIGATIONS

Annual Repayment Schedules	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>SRF Loan Funding</b>													
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal: Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Bonds</b>													
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ 47,995	\$ 50,635	\$ 77,417	\$ 81,675	\$ 86,167	\$ 90,907	\$ 95,906	\$ 101,181	\$ 106,746
Interest Payment	-	-	-	-	92,043	89,403	132,640	128,382	123,890	119,150	114,151	128,382	123,890
<b>Subtotal: Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ 140,038	\$ 140,038	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 229,563	\$ 230,636
<b>Grand Total: Future Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ 140,038	\$ 140,038	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 229,563	\$ 230,636
<b>Grand Total: New Annual Coverage Requirement</b>	\$ -	\$ -	\$ -	\$ -	\$ 175,048	\$ 175,048	\$ 262,571	\$ 262,571	\$ 262,571	\$ 262,571	\$ 262,571	\$ 286,954	\$ 288,295
<b>Grand Total: Future Debt Reserve Target</b>	\$ -	\$ -	\$ -	\$ -	\$ 140,038	\$ 140,038	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057

TABLE 19 : TOTAL DEBT SERVICE

Annual Obligations	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Annual Debt Service</b>	\$ -	\$ -	\$ -	\$ -	\$ 140,038	\$ 140,038	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 229,563	\$ 230,636
<b>Annual Coverage Requirement</b>	\$ -	\$ -	\$ -	\$ -	\$ 175,048	\$ 175,048	\$ 262,571	\$ 262,571	\$ 262,571	\$ 262,571	\$ 262,571	\$ 286,954	\$ 288,295
<b>Total Debt Reserve Target</b>	\$ -	\$ -	\$ -	\$ -	\$ 140,038	\$ 140,038	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057	\$ 210,057
<i>Check</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 20 : CURRENT WATER RATE SCHEDULE

Water Rate Schedule	January 1, 2024
<b>Monthly Fixed Service Charges (in \$/mo)</b>	
<b>Domestic Service Charge</b>	
5/8" or 3/4"	\$62.86
1"	\$94.15
1.5"	\$172.39
2"	\$266.28
3"	\$485.34
4"	\$798.28
6"	\$1,580.65
<b>Irrigation Service Charge</b>	
5/8" or 3/4"	\$32.83
1"	\$45.16
1.5"	\$75.97
2"	\$112.95
3"	\$199.24
4"	\$322.51
6"	\$630.67
<b>Water Usage Charges (in \$/HCF)</b>	
Domestic/Potable Water	\$1.04
Irrigation/Non-potable Water	\$0.09

\*Note: The above fees do not include an additional \$18 monthly charge for water service to support UPUD's participation in the Utica Water and Power Authority (UWPA), established on July 2, 1994 and with the 4th revision effective July 1, 2020.

This charge will continue to be charged to all customers per meter connection (Domestic, Industrial, Commercial and Irrigation).

\*Note: Irrigation rates updated as of 3/1/2024.

WATER RATE STUDY

Cost-of-Service Analysis & Rate Design

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TABLE 21 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

Classification of Expenses											
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Raw Water	UWPA	Basis of Classification				
	FY 2025/26	(COM)	(CAP)	(CA)	(RAW)	(UWPA)	(COM)	(CAP)	(CA)	(RAW)	(UWPA)
<b>Operating Expenses</b>											
<b>Water Purchased</b>											
Utica Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	100.0%
Upud Contribution	\$ 407,000	\$ -	\$ -	\$ -	\$ -	\$ 407,000	0.0%	0.0%	0.0%	0.0%	100.0%
Utica Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	100.0%
<b>Treatment</b>											
Labor	\$ 91,480	\$ 45,740	\$ 41,166	\$ 4,574	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Overtime	\$ 21,531	\$ 10,766	\$ 9,689	\$ 1,077	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
On-Call	\$ 11,297	\$ 5,649	\$ 5,084	\$ 565	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Wt Cert Bonus	\$ 515	\$ 258	\$ 232	\$ 26	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Temp Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Fica/Medicare (6.2%/1.45% Emplr)	\$ 9,787	\$ 4,893	\$ 4,404	\$ 489	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Repairs & Maintenance	\$ 5,151	\$ 2,576	\$ 2,318	\$ 258	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment Repairs	\$ 7,727	\$ 3,863	\$ 3,477	\$ 386	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Supplies	\$ 77,588	\$ 38,794	\$ 34,914	\$ 3,879	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Utilities	\$ 42,415	\$ 21,207	\$ 19,087	\$ 2,121	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Capital Expenditures/Equipment Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment Rental	\$ 2,586	\$ 1,293	\$ 1,164	\$ 129	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Uniforms	\$ 621	\$ 310	\$ 279	\$ 31	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Water Analysis	\$ 22,759	\$ 11,380	\$ 10,242	\$ 1,138	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment Purchase To \$999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Autogate Expense - Crestview	\$ 1,552	\$ 776	\$ 698	\$ 78	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Health Insurance - Pemcha - Retiree Ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Health Insurance	\$ 41,416	\$ 20,708	\$ 18,637	\$ 2,071	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Worker'S Comp	\$ 4,691	\$ 2,346	\$ 2,111	\$ 235	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Calpers Contributions(Employer & Employee Contributions)	\$ 21,046	\$ 10,523	\$ 9,471	\$ 1,052	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Travel & Mileage	\$ 1,071	\$ 535	\$ 482	\$ 54	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Telephone	\$ 3,621	\$ 1,810	\$ 1,629	\$ 181	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Professional Services - Engineer	\$ 15,518	\$ 7,759	\$ 6,983	\$ 776	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Professional Services - Other	\$ 20,690	\$ 10,345	\$ 9,311	\$ 1,035	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
<b>Domestic Distribution</b>											
Labor	\$ 281,291	\$ 140,645	\$ 126,581	\$ 14,065	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Overtime	\$ 5,151	\$ 2,576	\$ 2,318	\$ 258	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
On-Call	\$ 11,297	\$ 5,649	\$ 5,084	\$ 565	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Td Cert Bonus	\$ 1,030	\$ 515	\$ 464	\$ 52	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Temp Labor	\$ 15,453	\$ 7,727	\$ 6,954	\$ 773	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Fica/Medicare (6.2%/1.45% Emplr)	\$ 20,670	\$ 10,335	\$ 9,301	\$ 1,033	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Repairs & Maintenance	\$ 8,276	\$ 4,138	\$ 3,724	\$ 414	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment Repairs	\$ 6,207	\$ 3,104	\$ 2,793	\$ 310	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Supplies	\$ 24,828	\$ 12,414	\$ 11,173	\$ 1,241	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Utilities	\$ 5,143	\$ 2,572	\$ 2,314	\$ 257	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Capital Expenditures/Equipment Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Memberships	\$ 3,807	\$ 1,903	\$ 1,713	\$ 190	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Permits	\$ 517	\$ 259	\$ 233	\$ 26	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment Rental	\$ 2,586	\$ 1,293	\$ 1,164	\$ 129	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Uniforms	\$ 2,069	\$ 1,035	\$ 931	\$ 103	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Gas, Oil & Fuel	\$ 20,559	\$ 10,280	\$ 9,252	\$ 1,028	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%



WATER RATE STUDY

Cost-of-Service Analysis & Rate Design

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Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Equipment (To \$999)	\$ 4,138	\$ 2,069	\$ 1,862	\$ 207	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Education & Training	\$ 5,379	\$ 2,690	\$ 2,421	\$ 269	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Health Insurance	\$ 117,326	\$ 58,663	\$ 52,797	\$ 5,866	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Worker'S Comp	\$ 11,966	\$ 5,983	\$ 5,385	\$ 598	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Unemployment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Calpers Contributions(Employer & Employee Contributions)	\$ 45,709	\$ 22,855	\$ 20,569	\$ 2,285	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Travel & Mileage	\$ 857	\$ 428	\$ 385	\$ 43	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Telephone	\$ 4,552	\$ 2,276	\$ 2,048	\$ 228	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Professional Services - Engineer	\$ 57,932	\$ 28,966	\$ 26,069	\$ 2,897	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
Professional Services - Other	\$ 31,035	\$ 15,518	\$ 13,966	\$ 1,552	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
<b>Irrigation Distribution</b>											
Labor	\$ 70,323	\$ -	\$ -	\$ -	\$ 70,323	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
On-Call	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Td Cert Bonus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Temp Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Fica/Medicare (6.2%/1.45% Emplr)	\$ 5,167	\$ -	\$ -	\$ -	\$ 5,167	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Repairs & Maintenance	\$ 2,069	\$ -	\$ -	\$ -	\$ 2,069	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Equipment Repairs	\$ 1,552	\$ -	\$ -	\$ -	\$ 1,552	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Supplies	\$ 6,207	\$ -	\$ -	\$ -	\$ 6,207	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Utilities	\$ 1,200	\$ -	\$ -	\$ -	\$ 1,200	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Capital Expenditures/Equipment Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Memberships	\$ 931	\$ -	\$ -	\$ -	\$ 931	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Equipment Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Uniforms	\$ 517	\$ -	\$ -	\$ -	\$ 517	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Gas, Oil & Fuel	\$ 5,140	\$ -	\$ -	\$ -	\$ 5,140	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Equipment (To \$999)	\$ 621	\$ -	\$ -	\$ -	\$ 621	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Education & Training	\$ 1,345	\$ -	\$ -	\$ -	\$ 1,345	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Health Insurance	\$ 29,332	\$ -	\$ -	\$ -	\$ 29,332	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Worker'S Comp	\$ 2,979	\$ -	\$ -	\$ -	\$ 2,979	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Calpers Contributions(Employer & Employee Contributions)	\$ 11,380	\$ -	\$ -	\$ -	\$ 11,380	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Travel & Mileage	\$ 107	\$ -	\$ -	\$ -	\$ 107	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Telephone	\$ 1,138	\$ -	\$ -	\$ -	\$ 1,138	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Professional Services - Engineer	\$ 14,483	\$ -	\$ -	\$ -	\$ 14,483	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Professional Services - Other	\$ 15,518	\$ -	\$ -	\$ -	\$ 15,518	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
<b>Administration &amp; General</b>											
Labor	\$ 309,058	\$ 139,076	\$ 123,623	\$ 15,453	\$ 30,906	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Overtime	\$ 1,030	\$ 464	\$ 412	\$ 52	\$ 103	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Fica/Medicare	\$ 23,643	\$ 10,639	\$ 9,457	\$ 1,182	\$ 2,364	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Repairs & Maintenance	\$ 10,345	\$ 4,655	\$ 4,138	\$ 517	\$ 1,035	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Equipment Repairs	\$ 517	\$ 233	\$ 207	\$ 26	\$ 52	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Office & Billing Supplies	\$ 5,173	\$ 2,328	\$ 2,069	\$ 259	\$ 517	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Copier Expense	\$ 3,828	\$ 1,722	\$ 1,531	\$ 191	\$ 383	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Utilities	\$ 4,655	\$ 2,095	\$ 1,862	\$ 233	\$ 466	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Capital Expenditures/Equipment Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Memberships	\$ 23,794	\$ 10,707	\$ 9,517	\$ 1,190	\$ 2,379	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Permits & Fees	\$ 207	\$ 93	\$ 83	\$ 10	\$ 21	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Equipment Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Uniforms	\$ 517	\$ 233	\$ 207	\$ 26	\$ 52	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Postage	\$ 8,483	\$ 3,817	\$ 3,393	\$ 424	\$ 848	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Banking Fees	\$ 2,069	\$ 931	\$ 828	\$ 103	\$ 207	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Customer Transaction Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Equipment (To \$999)	\$ 5,173	\$ 2,328	\$ 2,069	\$ 259	\$ 517	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%

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Education & Training	\$ 6,207	\$ 2,793	\$ 2,483	\$ 310	\$ 621	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Late Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Health Insurance	\$ 47,569	\$ 21,406	\$ 19,027	\$ 2,378	\$ 4,757	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Worker'S Comp	\$ 1,397	\$ 628	\$ 559	\$ 70	\$ 140	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
General Insurance	\$ 25,863	\$ 11,638	\$ 10,345	\$ 1,293	\$ 2,586	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Unemployment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Calpers Contributions(Employer & Employee Contributions)	\$ 38,742	\$ 17,434	\$ 15,497	\$ 1,937	\$ 3,874	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Travel & Mileage	\$ 12,414	\$ 5,586	\$ 4,966	\$ 621	\$ 1,241	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Telephone	\$ 4,138	\$ 1,862	\$ 1,655	\$ 207	\$ 414	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - Legal	\$ 31,035	\$ 13,966	\$ 12,414	\$ 1,552	\$ 3,104	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - Accounting	\$ 20,690	\$ 9,311	\$ 8,276	\$ 1,035	\$ 2,069	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - Other	\$ 25,863	\$ 11,638	\$ 10,345	\$ 1,293	\$ 2,586	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - It	\$ 21,518	\$ 9,683	\$ 8,607	\$ 1,076	\$ 2,152	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Professional Services - Software	\$ 31,035	\$ 13,966	\$ 12,414	\$ 1,552	\$ 3,104	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Communicatons	\$ 5,173	\$ 2,328	\$ 2,069	\$ 259	\$ 517	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Election Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Bad Debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
Non-Operating Expenses	\$ 5,173	\$ 2,328	\$ 2,069	\$ 259	\$ 517	\$ -	45.0%	40.0%	5.0%	10.0%	0.0%
<b>Subtotal: Water System Expenses</b>	<b>\$ 2,343,152</b>	<b>\$ 849,307</b>	<b>\$ 761,000</b>	<b>\$ 88,307</b>	<b>\$ 237,538</b>	<b>\$ 407,000</b>	<b>36.2%</b>	<b>32.5%</b>	<b>3.8%</b>	<b>10.1%</b>	<b>17.4%</b>

TABLE 22 : CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS, cont.

Classification of Expenses, cont.											
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Raw Water	UWPA	Basis of Classification				
	FY 2025/26	(COM)	(CAP)	(CA)	(RAW)	(UWPA)	(COM)	(CAP)	(CA)	(RAW)	(UWPA)
<b>Debt Service Payments</b>											
Outstanding Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
New Debt Issue - SRF Loan	-	-	-	-	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
New Debt Issue - Revenue Bond	210,057	105,029	94,526	10,503	\$ -	\$ -	50.0%	45.0%	5.0%	0.0%	0.0%
<b>Total Debt Service Payments</b>	<b>\$ 210,057</b>	<b>\$ 105,029</b>	<b>\$ 94,526</b>	<b>\$ 10,503</b>	<b>\$ -</b>	<b>\$ -</b>	<b>50.0%</b>	<b>45.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Capital Expenditures</b>											
Rate-Funded Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	45.0%	10.0%	0.0%	0.0%
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 2,553,209</b>	<b>\$ 954,335</b>	<b>\$ 855,525</b>	<b>\$ 98,810</b>	<b>\$ 237,538</b>	<b>\$ 407,000</b>	<b>37.4%</b>	<b>33.5%</b>	<b>3.9%</b>	<b>9.3%</b>	<b>15.9%</b>
<b>Less: Non-Rate Revenues</b>											
<b>Non-Operating Revenue</b>											
Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	50.0%	0.0%	0.0%	0.0%
Non-Operating Revenue	(245,004)	(78,401)	(73,501)	(24,500)	(69,336)	\$ -	32.0%	30.0%	10.0%	28.3%	0.0%
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 2,308,205</b>	<b>\$ 875,934</b>	<b>\$ 782,024</b>	<b>\$ 74,310</b>	<b>\$ 168,202</b>	<b>\$ 407,000</b>					
<b>Allocation of Revenue Requirements</b>	<b>100.0%</b>	<b>37.9%</b>	<b>33.9%</b>	<b>3.2%</b>	<b>7.3%</b>	<b>17.6%</b>					

TABLE 23 : ADJUSTMENT TO CLASSIFICATION OF EXPENSES FOR COST OF SERVICE ANALYSIS

Adjustments to Classification of Expenses						
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)	(RAW)	(UWPA)
Test Year (FY 2025/26) Target Revenue After Rate Increases	\$ 2,783,860					
Projected Revenue at Current Rates	\$ 2,530,782					
Test Year (FY 2025/26) Projected Rate Adjustment	10%					
<b>Adjusted Net Revenue Req'ts</b>	<b>\$ 2,783,860</b>	<b>\$ 1,056,439</b>	<b>\$ 1,027,934</b>	<b>\$ 89,623</b>	<b>\$ 202,864</b>	<b>\$ 407,000</b>
<i>Percent of Revenue</i>	<i>100.0%</i>	<i>37.9%</i>	<i>36.9%</i>	<i>3.2%</i>	<i>7.3%</i>	<i>14.6%</i>

TABLE 24 : NET REVENUE REQUIREMENTS PER COSA RESULTS

Net Revenue Requirements - Per COSA Results	Total Rate Revenue Requirements FY 2025/26	Commodity Related Costs	Fixed Costs		Direct Assignment Costs	
			Capacity Related Costs	Customer Related Costs	Raw Water Related Costs	UWPA Related Costs
Rate-Design Adjustments to Fixed/Variable %	100.0%	37.9%	36.9%	3.2%	7.3%	14.6%
Rate-Design Adjustments to Fixed/Variable (\$)	\$2,783,860	\$1,056,439	\$1,027,934	\$89,623	\$202,864	\$407,000

TABLE 25 : DEVELOPMENT OF THE COMMODITY ALLOCATION FACTOR

Development of the Volumetric/Variable Allocation Factor <sup>1</sup>			
Customer Class	CY 2023 Consumption (HCF)	% of Total Volume (Potable)	% of Total Volume (Non-potable)
Residential	275,136	84.7%	0.0%
Commercial	49,543	15.3%	0.0%
Raw Water	509,576	0.0%	100.0%
<b>Total</b>	<b>834,255</b>	<b>100.0%</b>	<b>100.0%</b>

1. Consumption data is based on UPUD billing data for CY 2023.

TABLE 26 : DEVELOPMENT OF THE CAPACITY ALLOCATION FACTORS

Development of the PEAK CAPACITY (MAX MONTH) Allocation Factors					
Customer Class	Average Monthly Use (HCF)	Peak Monthly Use (HCF) <sup>1</sup>	Peak Monthly Factor	% of Max Month Capacity Factor (Potable)	% of Max Month Capacity Factor (Non-potable)
Residential	22,928	38,800	1.69	84.6%	0.0%
Commercial	4,129	7,060	1.71	15.4%	0.0%
Raw Water	42,465	102,807	2.42	0.0%	100.0%
<b>Total</b>	<b>69,521</b>	<b>148,667</b>	<b>2.14</b>	<b>100.0%</b>	<b>100.0%</b>

1. Based on peak monthly data (peak day data not available).

TABLE 27 : DEVELOPMENT OF THE CUSTOMER ALLOCATION FACTORS: METERS

Development of the Customer Allocation Factor		
Customer Class	No. of Meters CY 2023	% of Total Meters
Residential	1,583	85.7%
Commercial	161	8.7%
Raw Water	104	5.6%
<b>Total</b>	<b>1,848</b>	<b>100.0%</b>

1. Meter count data is based on the District's billing data for December 2023.

2. Residential customer class includes additional 280 ADU units.

TABLE 28 : DEVELOPMENT OF THE CUSTOMER ALLOCATION FACTORS:ACCOUNTS & DWELLING UNITS

Development of the Customer Allocation Factor		
Customer Class	No. of Dwelling Units CY 2023	% of Total Units
Residential	1,733	86.7%
Commercial	161	8.1%
Raw Water	104	5.2%
<b>Total</b>	<b>1,998</b>	<b>100.0%</b>

1. Meter count data is based on the District's billing data for December 2023.

2. Residential customer class includes additional 280 ADU units.

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TABLE 29 : ALLOCATION OF WATER REVENUE REQUIREMENTS

Classification Components	Cost-of-Service Net Revenue Requirements (FY 2025/26)	
	Amount	Percentage
Commodity-Related Costs	\$ 1,056,439	37.9%
Capacity-Related Costs	1,027,934	36.9%
Customer-Related Costs	89,623	3.2%
Raw Water Related Costs	202,864	7.3%
UWPA Costs	407,000	14.6%
<b>Net Revenue Requirement</b>	<b>\$ 2,783,860</b>	<b>100.0%</b>
	<i>Unadjusted Net Rev. Req'ts.</i>	
	37.9%	<i>total variable</i>
	62.1%	<i>total fixed</i>
	100.0%	

TABLE 30 : ALLOCATION OF NET REVENUE REQUIREMENTS - FY 2024/25

Customer Classes	Classification Components					Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	VARIABLE	FIXED		Direct Assignment			
	Commodity-Related Costs	Capacity-Related Costs	Customer-Related Costs	Raw Water-Related Costs	UWPA-Related Costs		
Residential	\$ 895,236	\$ 869,688	\$ 77,736	\$ -	\$ 348,637	\$ 2,191,297	78.7%
Commercial	161,203	158,246	7,222	-	35,458	362,130	13.0%
Raw Water	-	-	4,665	202,864	22,905	230,434	8.3%
<b>Total Net Revenue Requirement</b>	<b>\$ 1,056,439</b>	<b>\$ 1,027,934</b>	<b>\$ 89,623</b>	<b>\$ 202,864</b>	<b>\$ 407,000</b>	<b>\$ 2,783,860</b>	<b>100%</b>
<i>Total Net Revenue Requirement by Classification Component</i>	<i>VARIABLE</i> \$1,056,439	<i>FIXED</i> \$1,117,557		<i>DIRECT ASSIGNMENT</i> \$609,864		\$2,783,860	

TABLE 31 : RATE DESIGN - SUMMARY OF REVENUE REQUIREMENTS

Customer Class	COSA Net Revenue Requirements		NET REVENUE REQUIREMENT - ALTERNATIVE 1				
	FY 2025/26	% of COS Rev. Req't.	% Fixed Revenue	% Variable Revenue	Revenue from Volumetric Charges	Revenue from Hydraulic Capacity Charges	Revenue from Customer Costs
Residential	\$ 2,191,297	78.7%	75%	25%	\$ 556,480	\$ 1,557,081	\$ 77,736
Commercial	362,130	13.0%	75%	25%	91,963	262,945	7,222
Raw Water	230,434	8.3%	75%	25%	57,608	168,160	4,665
<b>Total</b>	<b>\$ 2,783,860</b>	<b>100.0%</b>			<b>\$ 706,051</b>	<b>\$ 1,988,186</b>	<b>\$ 89,623</b>
	<i>Percent of Total Revenue Collected</i>		75%	25%			

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TABLE 32 : METER EQUIVALENCY FACTORS USED IN FIXED CHARGES CALCULATION

Meter Size	Standard Meters	
	Meter Capacity (GPM) <sup>1</sup>	Equivalency to 3/4 inch
	<i>Displacement Meters</i>	
3/4 inch	30	1.00
1 inch	50	1.67
1 1/2 inch	100	3.33
2 inch	160	5.33
	<i>Compound Class I Meters</i>	
3 inch	320	10.67
4 inch	500	16.67
6 inch	1,000	33.33
8 inch	1,600	53.33
	<i>Turbine Class II Meters</i>	
10 inch	4,200	140.00
12 inch	5,300	176.67

1. Per AWWA, M1 Manual, Table B-1.

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**TABLE 33 : CALCULATION OF MONTHLY FIXED DOMESTIC METER SERVICE CHARGES FOR CY 2025**

NET REVENUE REQUIREMENT - ALTERNATIVE 1								
Number of Meters by Class and Size <sup>1</sup>	FY 2024/25							Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	
Residential	1,563	16	1	2	0	0	1	1,582
Commercial	135	16	3	5	1	1	0	161
<b>Total Meters/Accounts</b>	<b>1,698</b>	<b>32</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1,743</b>
<i>Hydraulic Capacity Factor</i> <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33	
<b>Total Equivalent Meters</b>	<b>1,698</b>	<b>53</b>	<b>13</b>	<b>37</b>	<b>11</b>	<b>17</b>	<b>33</b>	<b>1,863</b>
<b>Monthly Fixed Service Charges</b>								
Customer Costs (\$/Acct/month) <sup>3</sup>	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	
Capacity Costs (\$/Acct/month) <sup>4</sup>	\$64.24	\$107.07	\$214.14	\$342.62	\$685.24	\$1,070.70	\$2,141.39	
UPWA Costs (\$/Acct/month) <sup>5</sup>	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36	\$18.36	
<b>Total Monthly Meter Charge</b>	<b>\$67.98</b>	<b>\$110.81</b>	<b>\$217.88</b>	<b>\$346.36</b>	<b>\$688.98</b>	<b>\$1,074.43</b>	<b>\$2,145.13</b>	
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>								
Customer Costs	\$ 84,958							
Capacity Costs	1,435,931							
UPWA Costs	384,095							
<b>Total Fixed Meter Costs</b>	<b>\$ 1,904,984</b>							
<b>Annual Revenue from Monthly Meter Charges</b>								
Customer Charges	\$ 76,166	\$ 1,435	\$ 179	\$ 314	\$ 45	\$ 45	\$ 45	\$ 78,229
Capacity Charges	\$ 1,308,989	\$ 41,115	\$ 10,279	\$ 28,780	\$ 8,223	\$ 12,848	\$ 25,697	\$ 1,435,931
UPWA Charges	\$ 374,179	\$ 7,052	\$ 881	\$ 1,543	\$ 220	\$ 220	\$ 220	\$ 384,316
<b>Total Revenue from Monthly Meter Cha</b>	<b>\$ 1,385,155</b>	<b>\$ 42,550</b>	<b>\$ 10,458</b>	<b>\$ 29,094</b>	<b>\$ 8,268</b>	<b>\$ 12,893</b>	<b>\$ 25,742</b>	<b>\$ 1,898,476</b>

- Meter by Class and Size are based on June 2023 customer billing data.
- Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.
- UPWA costs are allocated to each customer by dividing the total customer costs by the total number of customers.

**TABLE 34 : CALCULATION OF MONTHLY FIXED RAW WATER METER SERVICE CHARGES FOR CY 2025**

NET REVENUE REQUIREMENT - ALTERNATIVE 1								
Number of Meters by Class and Size <sup>1</sup>	FY 2024/25							Total
	5/8 - 3/4" meter	1" meter	1.5" meter	2" meter	3" meter	4" meter	6" meter	
Raw Water	8	36	37	13	8	2	0	104
<b>Total Meters/Accounts</b>	<b>8</b>	<b>36</b>	<b>37</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>0</b>	<b>104</b>
<i>Hydraulic Capacity Factor</i> <sup>2</sup>	1.00	1.67	3.33	5.33	10.67	16.67	33.33	
<b>Total Equivalent Meters</b>	<b>8</b>	<b>60</b>	<b>123</b>	<b>69</b>	<b>85</b>	<b>33</b>	<b>0</b>	<b>379</b>
<b>Monthly Fixed Service Charges</b>								
Customer Costs (\$/Acct/month) <sup>3</sup>	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	\$3.74	
Capacity Costs (\$/Acct/month) <sup>4</sup>	\$31.91	\$53.18	\$106.37	\$170.19	\$340.38	\$531.84	\$1,063.68	
<b>Total Monthly Meter Charge</b>	<b>\$35.65</b>	<b>\$56.92</b>	<b>\$110.11</b>	<b>\$173.93</b>	<b>\$344.11</b>	<b>\$535.58</b>	<b>\$1,067.41</b>	
<b>Annual Fixed Costs Allocated to Monthly Meter Charges</b>								
Customer Costs	\$ 4,665							
Capacity Costs	145,255							
UPWA Costs	22,905							
<b>Total Fixed Meter Costs</b>	<b>\$ 172,825</b>							
<b>Annual Revenue from Monthly Meter Charges</b>								
Customer Charges	\$ 359	\$ 1,615	\$ 1,660	\$ 583	\$ 359	\$ 90	\$ -	\$ 4,665
Capacity Charges	\$ 3,063	\$ 22,975	\$ 47,227	\$ 26,549	\$ 32,676	\$ 12,764	\$ -	\$ 145,255
UPWA Charges	\$ 1,763	\$ 7,933	\$ 8,153	\$ 2,865	\$ 1,763	\$ 441	\$ -	\$ 22,918
<b>Total Revenue from Monthly Meter Cha</b>	<b>\$ 5,185</b>	<b>\$ 32,523</b>	<b>\$ 57,040</b>	<b>\$ 29,997</b>	<b>\$ 34,798</b>	<b>\$ 13,295</b>	<b>\$ -</b>	<b>\$ 172,838</b>

- Meter by Class and Size are based on UPUD customer billing data.
- Source: *Principles of Water Rates, Fees, and Charges*, Manual M1, AWWA, Table B-1.
- Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
- Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

Union Public Utility District  
**WATER RATE STUDY**  
 Cost-of-Service Analysis & Rate Design  
*Preliminary Draft Subject to Material Revision, Do Not Cite or Distribute*

TABLE 35 : ESTIMATED DOMESTIC FIXED REVENUE BY CUSTOMER CLASS

NET REVENUE REQUIREMENT - ALTERNATIVE 1							
Customer Class and Meter Size	Hydraulic Capacity Factor	Number of Meters	Total Equivalent Meters	Fixed Meter Charge		Total Fixed Meter Charge	Estimated Revenue from Fixed Charges
				Customer Component	Capacity Component		
3/4"	1.00	1,698	1,698	\$3.74	\$64.24	\$67.98	\$ 1,385,155
1"	1.67	32	53	\$3.74	\$107.07	\$110.81	42,550
1 1/2"	3.33	4	13	\$3.74	\$214.14	\$217.88	10,458
2"	5.33	7	37	\$3.74	\$342.62	\$346.36	29,094
3"	10.67	1	11	\$3.74	\$685.24	\$688.98	8,268
4"	16.67	1	17	\$3.74	\$1,070.70	\$1,074.43	12,893
6"	33.33	1	33	\$3.74	\$2,141.39	\$2,145.13	25,742
<b>Total</b>		<b>1,744</b>	<b>1,863</b>				<b>\$ 1,514,160</b>

- Check

TABLE 36 : ESTIMATED RAW WATER FIXED REVENUE BY CUSTOMER CLASS

NET REVENUE REQUIREMENT - ALTERNATIVE 1							
Customer Class and Meter Size	Hydraulic Capacity Factor	Number of Meters	Total Equivalent Meters	Fixed Meter Charge		Total Fixed Meter Charge	Estimated Revenue from Fixed Charges
				Customer Component	Capacity Component		
3/4"	1.00	8	8	\$3.74	\$31.91	\$35.65	\$ 3,422
1"	1.67	36	60	\$3.74	\$53.18	\$56.92	24,590
1 1/2"	3.33	37	123	\$3.74	\$106.37	\$110.11	48,887
2"	5.33	13	69	\$3.74	\$170.19	\$173.93	27,132
3"	10.67	8	85	\$3.74	\$340.38	\$344.11	33,035
4"	16.67	2	33	\$3.74	\$531.84	\$535.58	12,854
6"	33.33	0	0	\$3.74	\$1,063.68	\$1,067.41	-
<b>Total</b>		<b>104</b>	<b>379</b>				<b>\$ 149,921</b>

- Check

TABLE 37 : UPWA CHARGES BY CALENDAR YEAR

Category	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
UWPA Contribution	\$ 388,500	\$ 427,350	\$ 470,085	\$ 517,094	\$ 568,803
Reserve Offset Contribution	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Number of Accounts & Dwelling Units	1,998	2,038	2,079	2,120	2,163
UPWA Monthly Charge	\$ 16.20	\$ 17.47	\$ 18.85	\$ 20.32	\$ 21.92
UPWA Monthly Charge (reduced)	\$ 15.37	\$ 16.66	\$ 18.04	\$ 19.54	\$ 21.15



WATER RATE STUDY

Cost-of-Service Analysis & Rate Design

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TABLE 38 : PROPOSED VOLUMETRIC CHARGES FOR CY 2025 BY CUSTOMER CLASS

<b>NET REVENUE REQUIREMENT - ALTERNATIVE 1</b>					
Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
Residential	275,136	\$ 556,480	20.0%	\$2.00	Uniform
Commercial	49,543	91,963	3.3%	\$2.00	Uniform
Raw Water	509,576	57,608	2.1%	\$0.11	Uniform
<b>Total Water</b>	<b>834,255</b>	<b>\$ 706,051</b>	<b>25.4%</b>		

TABLE 39 : SUMMARY OF VOLUMETRIC CHARGES FOR CY 2025 FOR PROPOSED RATE TABLE

<b>NET REVENUE REQUIREMENT - ALTERNATIVE 1</b>					
Customer Classes	Water Consumption (HCF/yr)	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/HCF)	Proposed Rate Structure
Domestic	324,679	\$ 648,443	23.3%	\$2.00	Uniform
Raw Water	509,576	57,608	2.1%	\$0.11	Uniform
<b>Total Water</b>	<b>834,255</b>	<b>\$ 706,051</b>	<b>25.4%</b>		

TABLE 40 : ESTIMATED VOLUMETRIC REVENUE BY CUSTOMER CLASS

Customer Class	Estimated Consumption	Estimated Variable Revenue	% of Variable Rate Revenue	NET REVENUE REQUIREMENT - ALTERNATIVE 1		Total Estimated	Cost of Service Net Revenue
				Estimated Fixed Revenue			
				Fixed Charges	UPWA Charges		
Residential	275,136	\$ 549,496	77.8%	\$ 1,286,180	\$ 348,637	\$ 2,184,313	\$ 2,191,297
Commercial	49,543	98,947	14.0%	\$ 234,709	\$ 35,458	\$ 369,114	362,130
Raw Water	509,576	57,608	8.2%	\$ 149,921	\$ 22,905	\$ 230,434	230,434
<b>Grand Total</b>	<b>834,255</b>	<b>\$ 706,051</b>	<b>100.0%</b>	<b>\$ 1,670,809</b>	<b>\$ 407,000</b>	<b>\$ 2,783,860</b>	<b>\$ 2,783,860</b>

- Check

**TABLE 41 : CURRENT VS. PROPOSED MAXIMUM WATER RATES** **NET REVENUE REQUIREMENT - ALTERNATIVE 1**

Water Rate Schedule	Current Rates	Proposed Rates				
		January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
<b>Water Usage Charges (in \$/HCF)</b>						
Domestic/Potable Water	\$1.04	\$2.00	\$2.20	\$2.39	\$2.54	\$2.69
Irrigation/Non-potable Water	\$0.09	\$0.11	\$0.12	\$0.14	\$0.14	\$0.15
<b>Monthly Fixed Service Charges (in \$/mo)</b>						
<b>Domestic Service Charge</b>						
5/8" or 3/4"	\$62.86	\$67.98	\$74.78	\$81.51	\$86.40	\$91.58
1"	\$94.15	\$110.81	\$121.89	\$132.86	\$140.83	\$149.28
1.5"	\$172.39	\$217.88	\$239.66	\$261.23	\$276.91	\$293.52
2"	\$266.28	\$346.36	\$381.00	\$415.29	\$440.20	\$466.62
3"	\$485.34	\$688.98	\$757.88	\$826.09	\$875.66	\$928.20
4"	\$798.28	\$1,074.43	\$1,181.88	\$1,288.25	\$1,365.54	\$1,447.47
6"	\$1,580.65	\$2,145.13	\$2,359.64	\$2,572.01	\$2,726.33	\$2,889.91
<b>Irrigation/Raw Water Service Charge</b>						
5/8" or 3/4"	\$32.83	\$35.65	\$39.21	\$42.74	\$45.31	\$48.03
1"	\$45.16	\$56.92	\$62.61	\$68.25	\$72.34	\$76.68
1.5"	\$75.97	\$110.11	\$121.12	\$132.02	\$139.94	\$148.33
2"	\$112.95	\$173.93	\$191.32	\$208.54	\$221.05	\$234.31
3"	\$199.24	\$344.11	\$378.53	\$412.59	\$437.35	\$463.59
4"	\$322.51	\$535.58	\$589.13	\$642.16	\$680.68	\$721.53
6"	\$630.67	\$1,067.41	\$1,174.15	\$1,279.83	\$1,356.62	\$1,438.02
<b>Customer Service Charge (\$/mo/dwelling unit)</b>						
Customer Service Charge - Per Each						
Additional Dwelling Unit or Parcel	N/A	\$3.74	\$4.11	\$4.48	\$4.75	\$5.04
<b>UPWA Fee (\$/mo)</b>						
UPWA Fee - All Customers	\$18.00	\$16.20	\$17.47	\$18.85	\$20.32	\$21.92

**TABLE 42 : CURRENT VS. PROPOSED WATER RATES - BOARD DIRECTION** **BOARD DIRECTION**

Water Rate Schedule	Current Rates	Proposed Rates				
		January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
<b>Water Usage Charges (in \$/HCF)</b>						
Domestic/Potable Water	\$1.04	\$2.00	\$2.20	\$2.39	\$2.54	\$2.69
Raw/Non-potable Water	\$0.09	\$0.10	\$0.10	\$0.11	\$0.12	\$0.12
<b>Monthly Fixed Service Charges (in \$/mo)</b>						
<b>Domestic Service Charge</b>						
5/8" or 3/4"	\$62.86	\$67.98	\$74.78	\$81.51	\$86.40	\$91.58
1"	\$94.15	\$110.81	\$121.89	\$132.86	\$140.83	\$149.28
1.5"	\$172.39	\$217.88	\$239.66	\$261.23	\$276.91	\$293.52
2"	\$266.28	\$346.36	\$381.00	\$415.29	\$440.20	\$466.62
3"	\$485.34	\$688.98	\$757.88	\$826.09	\$875.66	\$928.20
4"	\$798.28	\$1,074.43	\$1,181.88	\$1,288.25	\$1,365.54	\$1,447.47
6"	\$1,580.65	\$2,145.13	\$2,359.64	\$2,572.01	\$2,726.33	\$2,889.91
<b>Raw Water Service Charge</b>						
5/8" or 3/4"	\$32.83	\$35.65	\$37.97	\$40.43	\$43.06	\$45.86
1"	\$45.16	\$56.92	\$60.62	\$64.56	\$68.76	\$73.23
1.5"	\$75.97	\$110.11	\$117.26	\$124.88	\$133.00	\$141.65
2"	\$112.95	\$173.93	\$185.23	\$197.27	\$210.09	\$223.75
3"	\$199.24	\$344.11	\$366.48	\$390.30	\$415.67	\$442.69
4"	\$322.51	\$535.58	\$570.39	\$607.46	\$646.95	\$689.00
6"	\$630.67	\$1,067.41	\$1,136.80	\$1,210.69	\$1,289.38	\$1,373.19
<b>Customer Service Charge (\$/mo/dwelling unit)</b>						
Customer Service Charge - Per Each Additional Dwelling Unit or Parcel	N/A	\$3.74	\$4.11	\$4.48	\$4.75	\$5.04
<b>UPWA Fee (\$/mo)</b>						
UPWA Fee - All Customers, Per Equivalent Dwelling Unit or Parcel	\$18.00	\$16.20	\$17.47	\$18.85	\$20.32	\$21.92

TABLE 43 : ASSUMPTIONS USED IN EMERGENCY RESPONSE RATE ANALYSIS

2023 Consumption Assumptions				
Shortage Level <sup>1</sup>	Percent Shortage Range <sup>2</sup>	Potable Water Consumption (AF/yr.)	Potable Water Consumption (HCF/yr.)	Difference to Baseline (HCF)
1	Less than 10% Conservation <sup>3</sup>	745	324,679	0
2	Up to 20% Conservation	596	292,211	(32,468)
3	Up to 30% Conservation	522	259,743	(64,936)
4	Up to 40% Conservation	447	227,275	(97,404)
5	Up to 50% Conservation	373	194,807	(129,872)
6	Greater than 50% Conservation	298	162,339	(162,339)

1. State Water Resources Control Board Water Shortage Contingency Plan Shortage Level.
2. Drought levels based on the State Water Resources Control Board Drought Emergency Water Conservation.
3. This represents the baseline consumption for CY 2023 consumption. Conservation percentage for each drought stage is relative to the baseline consumption.

**Note:** For the rate period, water consumption is assumed to be the same each year to be consistent with how volumetric rates were calculated even though there are new connections each year.

**TABLE 44 : EMERGENCY RESPONSE RATES**

Expenses Directly Effected By Consumption Changes						
Fund	Description	Commodity-Related Costs				
		2025	2026	2027	2028	2029
Operating Fund	NA					
Operating Fund	NA					
Operating Fund	NA					
<b>Total:</b>		\$ -	\$ -	\$ -	\$ -	\$ -

Inflation based on factors in Exhibit 1 (O&M)

**TABLE 45 : CALCULATION OF EMERGENCY RESPONSE RATES FOR CY 2025**

Rate Structure: Potable Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	324,679	\$ 648,443	\$ -	\$ 648,443	\$0.00	\$2.00
Up to 20%	292,211	648,443	-	648,443	\$0.22	\$2.22
Up to 30%	259,743	648,443	-	648,443	\$0.50	\$2.50
Up to 40%	227,275	648,443	-	648,443	\$0.86	\$2.85
Up to 50%	194,807	648,443	-	648,443	\$1.33	\$3.33
> 50%	162,339	648,443	-	648,443	\$2.00	\$3.99

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 46 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2026**

Rate Structure: Potable Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	324,679	\$ 713,287	\$ -	\$ 713,287	\$0.00	\$2.20
Up to 20%	292,211	713,287	-	713,287	\$0.24	\$2.44
Up to 30%	259,743	713,287	-	713,287	\$0.55	\$2.75
Up to 40%	227,275	713,287	-	713,287	\$0.94	\$3.14
Up to 50%	194,807	713,287	-	713,287	\$1.46	\$3.66
> 50%	162,339	713,287	-	713,287	\$2.20	\$4.39

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 47 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2027**

Rate Structure: Potable Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	324,679	\$ 777,483	\$ -	\$ 777,483	\$0.00	\$2.39
Up to 20%	292,211	777,483	-	777,483	\$0.27	\$2.66
Up to 30%	259,743	777,483	-	777,483	\$0.60	\$2.99
Up to 40%	227,275	777,483	-	777,483	\$1.03	\$3.42
Up to 50%	194,807	777,483	-	777,483	\$1.60	\$3.99
> 50%	162,339	777,483	-	777,483	\$2.39	\$4.79

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 48 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2028**

Rate Structure: Potable Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	324,679	\$ 824,132	\$ -	\$ 824,132	\$0.00	\$2.54
Up to 20%	292,211	824,132	-	824,132	\$0.28	\$2.82
Up to 30%	259,743	824,132	-	824,132	\$0.63	\$3.17
Up to 40%	227,275	824,132	-	824,132	\$1.09	\$3.63
Up to 50%	194,807	824,132	-	824,132	\$1.69	\$4.23
> 50%	162,339	824,132	-	824,132	\$2.54	\$5.08

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 49 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2029**

Rate Structure: Potable Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	324,679	\$ 873,580	\$ -	\$ 873,580	\$0.00	\$2.69
Up to 20%	292,211	873,580	-	873,580	\$0.30	\$2.99
Up to 30%	259,743	873,580	-	873,580	\$0.67	\$3.36
Up to 40%	227,275	873,580	-	873,580	\$1.15	\$3.84
Up to 50%	194,807	873,580	-	873,580	\$1.79	\$4.48
> 50%	162,339	873,580	-	873,580	\$2.69	\$5.38

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

Union Public Utility District  
 WATER RATE STUDY  
 Water Cost of Service Analysis/Rate Design

Emergency Response Rates

Table 50: SUMMARY OF PROPOSED EMERGENCY RESPONSE CHARGES

Rate Structure: Potable Water					
Emergency Response Charge (\$/HCF)					
Conservation Goal	2025	2026	2027	2028	2029
< 10%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Up to 20%	\$0.22	\$0.24	\$0.27	\$0.28	\$0.30
Up to 30%	\$0.50	\$0.55	\$0.60	\$0.63	\$0.67
Up to 40%	\$0.86	\$0.94	\$1.03	\$1.09	\$1.15
Up to 50%	\$1.33	\$1.46	\$1.60	\$1.69	\$1.79
> 50%	\$2.00	\$2.20	\$2.39	\$2.54	\$2.69

TABLE 51 : ASSUMPTIONS USED IN EMERGENCY RESPONSE RATE ANALYSIS

2023 Consumption Assumptions				
Shortage Level <sup>1</sup>	Percent Shortage Range <sup>2</sup>	Potable Water Consumption (AF/yr.)	Raw Water Consumption (ccf/yr.)	Difference to Baseline (ccf)
1	Less than 10% Conservation <sup>3</sup>	1,170	509,576	0
2	Up to 20% Conservation	936	458,618	(50,958)
3	Up to 30% Conservation	819	407,661	(101,915)
4	Up to 40% Conservation	702	356,703	(152,873)
5	Up to 50% Conservation	585	305,746	(203,830)
6	Greater than 50% Conservation	468	254,788	(254,788)

1. State Water Resources Control Board Water Shortage Contingency Plan Shortage Level.
2. Drought levels based on the State Water Resources Control Board Drought Emergency Water Conservation.
3. This represents the baseline consumption for CY 2023 consumption.  
Conservation percentage for each drought stage is relative to the baseline consumption.

**Note: For the rate period, water consumption is assumed to be the same each year to be consistent with how volumetric rates were calculated even though there are new connections each year.**



TABLE 52 : EXPENSES EFFECTED BY CONSUMPTION CHANGES

Expenses Directly Effected By Consumption Changes						
Fund	Description	Commodity-Related Costs				
		2025	2026	2027	2028	2029
Operating Fund	NA					
Operating Fund	NA					
Operating Fund	NA					
<b>Total:</b>		\$ -	\$ -	\$ -	\$ -	\$ -

Inflation based on factors in Exhibit 1 (O&M)

TABLE 53 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2025

Rate Structure: Irrigation/Raw Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	509,576	\$ 57,608	\$ -	\$ 57,608	\$0.00	\$0.11
Up to 20%	458,618	57,608	-	57,608	\$0.01	\$0.13
Up to 30%	407,661	57,608	-	57,608	\$0.03	\$0.14
Up to 40%	356,703	57,608	-	57,608	\$0.05	\$0.16
Up to 50%	305,746	57,608	-	57,608	\$0.08	\$0.19
> 50%	254,788	57,608	-	57,608	\$0.11	\$0.23

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

TABLE 54 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2026

Rate Structure: Irrigation/Raw Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	509,576	\$ 63,369	\$ -	\$ 63,369	\$0.00	\$0.12
Up to 20%	458,618	63,369	-	63,369	\$0.01	\$0.14
Up to 30%	407,661	63,369	-	63,369	\$0.03	\$0.16
Up to 40%	356,703	63,369	-	63,369	\$0.05	\$0.18
Up to 50%	305,746	63,369	-	63,369	\$0.08	\$0.21
> 50%	254,788	63,369	-	63,369	\$0.12	\$0.25

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 55 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2027**

Rate Structure: Irrigation/Raw Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	509,576	\$ 69,073	\$ -	\$ 69,073	\$0.00	\$0.14
Up to 20%	458,618	69,073	-	69,073	\$0.02	\$0.15
Up to 30%	407,661	69,073	-	69,073	\$0.03	\$0.17
Up to 40%	356,703	69,073	-	69,073	\$0.06	\$0.19
Up to 50%	305,746	69,073	-	69,073	\$0.09	\$0.23
> 50%	254,788	69,073	-	69,073	\$0.14	\$0.27

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 56 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2028**

Rate Structure: Irrigation/Raw Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	509,576	\$ 73,217	\$ -	\$ 73,217	\$0.00	\$0.14
Up to 20%	458,618	73,217	-	73,217	\$0.02	\$0.16
Up to 30%	407,661	73,217	-	73,217	\$0.04	\$0.18
Up to 40%	356,703	73,217	-	73,217	\$0.06	\$0.21
Up to 50%	305,746	73,217	-	73,217	\$0.10	\$0.24
> 50%	254,788	73,217	-	73,217	\$0.14	\$0.29

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

**TABLE 57 : CALCULATION OF EMERGENCY RESPONSE RATES FOR FY 2029**

Rate Structure: Irrigation/Raw Water						
Conservation Goal	Water Consumption (HCF/yr.)	Baseline Rev. Req't from Vol. Charges	Cost Reduction Due to Conservation <sup>1</sup>	Target Rev. Req't from Vol. Charges	Drought Response Charge (\$/HCF)	Uniform Commodity Rates (\$/HCF)
< 10%	509,576	\$ 77,610	\$ -	\$ 77,610	\$0.00	\$0.15
Up to 20%	458,618	77,610	-	77,610	\$0.02	\$0.17
Up to 30%	407,661	77,610	-	77,610	\$0.04	\$0.19
Up to 40%	356,703	77,610	-	77,610	\$0.07	\$0.22
Up to 50%	305,746	77,610	-	77,610	\$0.10	\$0.25
> 50%	254,788	77,610	-	77,610	\$0.15	\$0.30

1. Cost reduction equals the conservation goal percentage multiplied by expenses directly effected by consumption charges.

Table 58: SUMMARY OF PROPOSED EMERGENCY RESPONSE CHARGES

Rate Structure: Irrigation/Raw Water					
Emergency Response Charge (\$/HCF)					
Conservation Goal	2025	2026	2027	2028	2029
< 10%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Up to 20%	\$0.01	\$0.01	\$0.02	\$0.02	\$0.02
Up to 30%	\$0.03	\$0.03	\$0.03	\$0.04	\$0.04
Up to 40%	\$0.05	\$0.05	\$0.06	\$0.06	\$0.07
Up to 50%	\$0.08	\$0.08	\$0.09	\$0.10	\$0.10
> 50%	\$0.11	\$0.12	\$0.14	\$0.14	\$0.15